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TODAY: STYLE

Thais Get Rescue Loan From IMF And Asians

Japan Leads Group To Agreement for a $16 Billion Bailout

By Andrew Pollack
New York Times Service

TOKYO — The International Monetary Fund and a group of Asian nations led by Japan agreed Monday to a $16 billion rescue of economically troubled Thailand, which has been rocked by a currency crisis that has spread through Southeast Asia, threatening the region's heretofore rapid growth.

The package of loans, announced after a meeting here, is the second largest international bailout following the $50 billion rescue of Mexico after its 1994 currency collapse.

The money will be used by Thailand to help shore up its foreign reserves, which were depleted by a futile attempt to save its currency, the baht, from being devalued last month. The reserves are needed to pay for imports and meet some foreign debt obligations.

Officials announcing the package called it a precedent-setting example of regional cooperation, as Asian nations acted to keep Thailand's problems from contaminating the whole region.

"What is impressive about the financial package this time is we have substantial contributions from the countries of the Asia-Pacific region," said Eisuke Sakakibara, Japan's deputy finance minister for international affairs.

The IMF, based in Washington, will contribute $4 billion, an amount to be matched by Japan.

Australia, Hong Kong, Malaysia and Singapore will each contribute $1 billion, while Indonesia and South Korea will chip in $500 million apiece. The remaining $3 billion is expected to come from the Asian Development Bank, the World Bank and possibly from China. The loans will be due in three to five years and will carry market-related interest rates.

The United States attended the meeting Monday, as did Canada, France, Germany and Britain, but none of these countries is participating directly in the rescue. This appears to result partly from a feeling that the Asian countries, with the most at stake, should and can handle the problem.

In addition to the government-aid package, Thailand is expected to receive billions of dollars in new financing from commercial banks, led by those in Japan. Thailand's finance minister, Thanong Bidaya, is scheduled to meet with Japan's major banks on Tuesday.

"I think the discussion between the Thai authorities and Japanese banks will proceed smoothly," Mr. Sakakibara said.

Once the paragon of a fast-growing Asian "Tiger" economy, Thailand has been hit by a slowdown in exports because of new competition from China and other countries with lower wages and because the baht had been tied to the dollar, which strengthened greatly against the yen in the past two years.

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The Mood on Peace in Mideast: Examine It Carefully

David Silverman/Reuters

An Israeli explosives expert carefully examining a hand grenade Monday outside a West Bank blacksmith shop, after a device exploded in the shop, killing one Palestinian and wounding another. Israelis said they found five "improvised charges" in the shop. Earlier, a U.S. envoy arranged a meeting of Yasser Arafat with the chiefs of Israeli intelligence. Page 4.

$9 Billion Purchase for Credit Suisse

In Plan to Buy Winterthur, a New Banking Behemoth Is Born

Compiled by Our Staff From Dispatches

ZURICH — Credit Suisse Group, Switzerland's second-largest bank, said Monday it planned to acquire Winterthur Swiss Insurance Co. in a deal that signaled a new wave of consolidation in response to the increasing complexity of global financial services.

Shareholders of both companies are to vote Sept. 5 on the all-stock deal, valued at around $9 billion, which would create one of the world's top providers of banking and insurance services.

The combined group would manage about 700 billion Swiss francs ($465.6 billion) in investment funds and have about 15 million clients. It would have a market capitalization of 50 billion Swiss francs.

Credit Suisse's chief executive, Lukas Muehlemann, described the acquisition of Winterthur as "a powerful, forward-looking response to developments in the financial-services market."

Financial-services companies are joining forces across borders to trim costs and increase revenue. ING Group, the largest Dutch financial company, said last month it would buy Equitable of Iowa Cos. for $2.6 billion, doubling its U.S. life-insurance and retirement-savings business.

The U.S. investment house Morgan Stanley is considering acquisitions in the insurance area, as is the Dutch banking concern ABN-AMRO Holdings. Royal Bank of Canada said in June it would buy London Insurance Group.

In addition, Prudential Corp., Britain's largest insurer, approached National Westminster Bank a few months ago about a possible merger, although nothing came of it.

Behind the transactions are the desires of banking, securities and insurance executives to build global financial-services companies with customers across all product lines. Securities companies see life insurers and fund managers as steady, stable sources of income, while the insurers and fund managers benefit from the customer lists of the securities firms.

The other main attraction of insurance companies to securities firms and banks is their expertise in assessing risk.

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Clinton Exercises New Veto Powers

3 Provisions of Budget Bill Struck Out in Historic Shift

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton made history Monday by striking three narrow provisions from the budget-balancing legislation agreed upon recently by the White House and Republican leaders. It was an exercise more notable for its symbolism than for the amount of money involved.

Limited, symbolic use of the veto could have a broad deterrent effect, Mr. Clinton said Monday. He said he wanted to "send a signal that the Washington rules have changed for good."

It was the first time a president had used the newly gained power to excise from a broader bill specific language of the sort long used by legislators to reward political donors or small constituent groups. In the past, presidents could veto only entire bills.

The new line-item veto power, Mr. Clinton said at an Oval Office news conference, will allow presidents to "protect taxpayers and to ensure that national interests prevail over narrow interests." He called the veto a "tool designed to fight against waste and unjustifiable expenditures."

The president was careful to say that he intended to make limited use of the new power, that the vetoes cast Monday had been thoroughly studied, that he would target only provisions "inconsistent with good public policy" and that he had instructed his advisers to scrupulously respect the bipartisan agreements underpinning the budget accord.

But the Republican speaker of the House, Newt Gingrich, immediately criticized the president's action. In a stinging statement, a Gingrich spokeswoman accused the president of engaging in "petty politics," and said that Republicans felt "blind-sided" by the vetoes.

Yet, another influential Republican, Trent Lott, the Senate majority leader, was measured in his reaction. Mr. Lott was the sponsor of one of the provisions vetoed, regarding tax breaks for banks and insurance companies investing overseas. But Mr. Lott said Monday that he supported the principle of a line-item veto, and had not decided whether to fight the president's action.

Top Clinton advisers had spent days debating the wisdom of the president's applying the line-item veto to the budget-balancing bill; agreement on the bill was reached only after strenuous efforts by the White House and Republican leaders. In the end, Mr. Clinton vetoed only 3 of 79 eligible provisions. Those three would have:

- Saved New York about $200 million by exempting the state from a federal finding that New York might have unfairly taxed some hospitals to raise money for Medicaid payments. No other state would have benefited from the provision.
- Deferred capital-gains taxes on the sale of food-processing plants to farm cooperatives. Much of this provision involved the single sale of a Utah sugar beet refinery by a company controlled

See CLINTON, Page 4

President And Blair Polish Those Special Ties

By Audrey Gillan
Washington Post Service

WASHINGTON — The British ambassador, Sir John Kerr, said at a recent luncheon here that he was returning to his homeland because there was nothing left for him to do in Washington. President Bill Clinton and Prime Minister Tony Blair are getting on so well, he joked, that the opportunity for diplomats to heal any political rifts seems to have gone.

The so-called special relationship between the United States and the United Kingdom has become something of a "new special relationship" in the months since the May 1 election of the Labour government in Britain. Whenever the two leaders meet, the ambassador said, they can be seen huddled in a corner shooting the breeze like old friends. Conversation can range from welfare policy and education to guitar riffs and how to raise a child out of the public eye.

The closeness of the new special relationship was to be reaffirmed next month when Mr. Blair was to make his first official visit to Washington. But the two leaders cannot find a date that suits them. Mr. Clinton wants to help his daughter, Chelsea, settle in at Stanford University and Mr. Blair has both political and family commitments.

A British Embassy spokesman said there is no lack of desire for the

See FRIENDS, Page 4

Archaeologists Shudder at Athens' Metro Project

By Celestine Bohlen
New York Times Service

ATHENS— Ever since Athens started building a subway system six years ago, archaeologists have been holding their breath, fearing damage to the unknown treasures that lie beneath the city's surface.

As it turns out, buried treasures haven't been the chief problem.

Working together with Attiko Metro, a company created by the government, as it burrows beneath the city, Greek archaeologists have unearthed a vast store of rich finds — Roman baths, a classical bronze head, ancient walls, undisturbed grave sites, including one of a dog buried with his leather collar — much of which will be put on display inside the subway stations.

Instead, what has raised alarms here and abroad is a plan by Attiko Metro that many feel could threaten one of the city's best-known, and thoroughly excavated sites — the Kerameikos cemetery, where the dead were buried from the third millennium B.C. to Roman times.

Underlying the debate is the inexorable logic and pressure of the $3 billion, 18-kilometer (11.4-mile) subway itself, now well behind schedule. It is the largest construction project in Greece, almost entirely financed by loans and grants from European Union institutions, and a key element in the city's bid for the Olympic Games in 2004, as it was in its unsuccessful bid for the 1996 Games. Now, subway officials are saying that half of its 21 stations will be open by late 1999.

The new subway is considered critical for the future of Athens, a city whose population has doubled in the last 30 years to 3.5 million while the number of cars has skyrocketed. City planners see no other way to relieve the chronic traffic jams and, most important, the air pollution that they produce.

Pollution, which erodes marble's smooth surface and erases the features of statues, is also the biggest enemy of the ancient monuments, a fact that makes archaeologists and classical scholars supporters of the subway.

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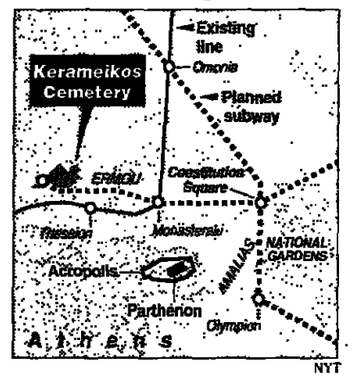

NYT

Engulfed in Ash and Gas

Volcano Forces Most on Montserrat to Flee

By Larry Rohter
New York Times Service

SALEM, Montserrat — The long-abandoned capital, Plymouth, lies in ruins, destroyed a week ago by a tide of volcanic ash and superheated gas.

Nearly two-thirds of the island's population has been evacuated, and the 4,000 people who remain now worry that all of their tiny Caribbean island may soon be unfit for human habitation.

"The edge of the uninhabitable zone keeps moving further and further north," Margaret Wilson, a longtime resident, said Friday morning, just minutes before the Soufriere Hills volcano erupted again. It sent an ominous cloud mushrooming 35,000 feet (10,500 meters) into the sky, blotted out the sun and rained ash and pebbles all over this British colony.

"We've got no port anymore, no government buildings, no hospital and no airport," she added. "So you wonder how much longer we're going to be able to hang on."

Montserrat was often called "The Emerald Isle of the Caribbean" in honor of both the Irish colonists who settled here in the mid-1600s and the lush landscape that attracted upscale tourists. For two years, since the volcano awoke from four centuries of dormancy, the residents have been confronting disaster. But over the last two months, the situation here, 350 miles (550 kilometers) southeast of Puerto Rico, has taken a sharp turn again for the worse.

On June 25, Soufriere began spewing a river of ash, rock and gas, heated to temperatures as high as 900 degrees Fahrenheit (480 degrees centigrade), down its slopes at speeds of more than 100 miles an hour. Those lethal "pyroclastic flows," as volcanologists call them, left at least 10 people dead and forced the abandonment of several villages. Nine more people are missing and presumed buried under volcanic debris.

Then, on July 31, after a respite that left people hoping the worst was over, a new and even more dangerous cycle began. Since then, the volcano has been erupting almost every 12 hours.

It quickly claimed the abandoned capital, Plymouth, as its most spectacular victim when gas and rock jumped over a gully filled to overflowing with debris and set the town on fire.

See MONTSERRAT, Page 4

Newsstand Prices			
Bahrain	1.000 BD	Malta	55 c
Cyprus	C £ 1.00	Nigeria	125,00 Naira
Denmark	14.00 DKr	Oman	1.250 OR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10 SR
Egypt	£E 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim.$30.00

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Jonathan Drake/The Associated Press

EYE ON CAMBODIA — Ali Alatas, the Indonesian foreign minister, left, and Domingo Siazon of the Philippines saying Monday that ASEAN would continue trying to end the conflict in Cambodia. Page 6.

AGENDA

11 Tokyo Brokerage Executives Resign

A scandal involving payoffs to a racketeer led the top echelon of Yamaichi Securities to step down on Monday. Shares of the fourth largest Japanese brokerage jumped 13 percent after news of the resignations. Executives of a bank and brokerage house stepped down earlier in connection with similar deals with the racketeer, who was compensated for losses and for not making trouble. "Our firm is determined to make a clear break with the negative legacy of the past," said Shohei Nozawa, the new president of Yamaichi. The outgoing chairman and president of Yamaichi will stay on with the brokerage as advisers, a traditional arrangement in Japan. Page 11.

Wall Street Awaits Inflation Reports

U.S. stocks were mixed late Monday, with oil and telephone companies gaining while technology and drug shares were down, as investors registered concern that the Federal Reserve Board might raise interest rates to contain inflation.

The Dow Jones industrial average was at 8,074.42, up 43.20, in late trading, with declining issues leading advancers by a 16-to-11 ratio on the New York Stock Exchange. The Standard & Poor's 500-stock index was up 2.51 at 937.05.

Stocks suffered their worst slide in more than six weeks on Friday as bond yields surged. The Dow fell 156.78 to 8,031.22, after being down as much as 210 points.

Investors will be watching reports on inflation and retail sales this week for clues on where interest rates are headed. Signs that the economy is growing too fast might prompt the Federal Reserve Board to raise benchmark borrowing rates. Page 12.

The Dollar		
New York	Monday @ 4 P.M	previous close
DM	1.865	1.8455
Pound	1.59	1.5875
Yen	116.175	114.825
FF	6.2805	6.2183

The Dow		
change	Monday close	previous close
+30.89	8062.11	8031.22

S&P 500		
change	Monday @ 4 P.M	previous close
+3.46	937.00	933.54

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Colombia: Dressing to Avoid Death

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Coping With Violence / **A Boom in Bulletproof Clothing**

In Tense Colombia, Suits Are for Survival

By Serge F. Kovaleski
Washington Post Service

BOGOTA, Colombia — A preacher had the covers of his Bible bulletproofed to shield his "heart or head" from gunfire. A butcher has outfitted himself with an armor vest as a safeguard against pistol-packing robbers. And some people have bought custom-made tuxedos, ball gowns and evening dresses that resist lead.

In a country notorious for having one of the world's highest homicide rates, Colombians and foreigners living here are turning to protective clothing and other such reinforced gear to allay their sense of vulnerability amid the complex atmosphere of violence that continues to roil this South American nation.

While politicians, diplomats and corporate executives here traditionally have taken extraordinary security precautions out of fear of vengeful drug cartels and leftist guerrillas, a broader segment of society is now trying to steel itself against terrorism and crime — albeit without being too conspicuous and disruptive of individual lifestyles.

"There are more common people — salespersons, coffee farmers, butchers and other small business owners — who are investing in discreet protection like bulletproof vests, designer jackets and briefcases," said Nicolas Trujillo Arango, business manager of Armor International, a security company here that sells such products. "It's not just the chiefs of industry and politicians anymore."

Some companies are even considering starting children's lines of bulletproof clothing following a number of requests from concerned families. Several months ago, for instance, a businessman bought vests for his two children, aged 10 and 14, marking the first time that anyone in the industry here could remember such a purchase.

Although a long reign of terror sponsored by Colombian drug lords — particularly car bombings in major cities — subsided following the police killing of the Medellin cartel kingpin, Pablo Escobar, in a 1993 rooftop shoot-out, violence remains virulent in this nation of 36 million people. Furthermore, a deepening recession and the rising unemployment it has brought have heightened fears that public safety will deteriorate further.

There is also growing concern among city dwellers about reports that Colombia's potent leftist guerrilla movement, which already controls large swaths of the countryside, is starting to establish a presence in urban areas. At the same time, atrocities allegedly committed by state security forces and rightist paramilitary groups have contributed to the sense of social insecurity.

Killings and other abuses by paramilitary squads, guerrillas and the military in 1996 made it the most infamous year in the nation's history for human rights violations, according to a report by the Colombian Commission of Jurists. On average, 10 Colombians were slain every day for political or ideological reasons, while one person disappeared every two days, the December 1996 study showed.

It is estimated that no one has been convicted in 97 percent of cases related to political violence, and impunity is virtually guaranteed in army courts.

Against this backdrop, security experts say that political candidates, hitting the hustings in preparation for elections in October and the middle of next year, have been snapping up unusually large quantities of fashionable bulletproof clothing, including double-breasted blazers, suits, leather jackets, overcoats and raincoats. The garb complements the bulletproof podiums and armored cars that are also a must on the campaign trail here.

"The inconspicuousness of the clothing is not only strategic in concealing exactly how one is trying to protect himself from an assassin's bullet, but it is also typical of the Colombian mentality of refusing to be outwardly scared or cowed by the violence that has historically been such a plague for our nation," said one senator who is running for reelection and who recently purchased a protective blazer and vest.

THE RACKS of protective dress wear include popular designer names, such as Tommy Hilfiger and Nautica, come in virtually all colors, and can be adapted to whatever level of protection one wants. Security companies fortify the clothing with sheets of lightweight bulletproof materials, such as Kevlar, Spectra or Twaron, that can be removed and placed in other specially made garments, diversifying the wardrobes of those who rely on this kind of gear.

The clothing is offered with varying degrees of ballistic resistance. For the equivalent of $500, one can buy a so-called Level 1 jacket, which will deflect small-caliber fire. About $800 buys Level 4 protection against such firepower as a 9mm Uzi. In general, such clothes are not too heavy; at Armor International, for instance, vests that can resist a .357 Magnum round weigh just under four pounds.

John Murphy, cofounder of the Bogota firm Caballero and Murphy Ltd., which sells made-to-order bulletproof clothing, said that since the company opened three years ago it has been posting a 300 percent annual increase in sales of vests and jackets, making it difficult to keep up with demand.

Until about three years ago, most bulletproof vests were imported and sold in bulk to Colombian institutions. Today, they are being manufactured here by a handful of companies, and faith in the domestic product is high — as reflected in growing sales to group and individual buyers. "Now, after shooting at each other for so long, people believe the vests work," Mr. Murphy said.

He said the majority of people buying his products had had a brush with violence or knew several individuals who had been at risk. "Colombians usually don't have fear easily," Mr. Murphy said. "They will not buy armor unless they or a relative has been threatened, or when they finally realize that two or three persons they know are in danger."

For Ricardo Castillo, a Bogota preacher, the decision to have the covers of his Bible bulletproofed stemmed from the gang violence and other crime that is rampant in the neighborhood of his church.

His son, Jonathan, said his father could use the Bible to shield his heart or head. "A policeman armors his vest, a politician armors his suit," the son said. "And a preacher armors his Bible."

Marcelo Salinas/Agence France-Presse

Rescue workers searching through debris left by a bomb that exploded June 17 in the parking lot of a police station near Bogota, which is plagued by violence.

Blood Rivalry Thwarts Burundi's Peace Quest

By James C. McKinley Jr.
New York Times Service

BUJUMBURA, Burundi — In the year since he seized power in a coup, Pierre Buyoya has consolidated his control over this ethnically torn African country, expanded the army to contain a rebel movement and begun peace talks with rebel leaders.

But Burundi is as far from lasting peace as it was the day Mr. Buyoya took over, because the fundamental forces that since 1993 have fueled a brutal and slow-burning war between the Hutu majority and Tutsi minority have not changed.

The war grinds on even though the entire region wants it to end. In the last four years, the struggle between the Tutsi and Hutu ethnic groups in Rwanda and Burundi has caused hundreds of thousands of deaths, disrupted trade, displaced millions and sown chaos in Central Africa.

Last fall, the conflict spilled over into what was then Zaire.

Ethnic Tutsi in that country, aided by Rwanda, began a rebellion that overthrew President Mobutu Sese Seko in May and routed Hutu guerrillas operating along the border.

It was in Burundi in 1993 that the regional upheaval had its beginnings when Tutsi officers murdered Burundi's first elected president, a Hutu, setting off a bloodbath. Yet unlike the situation in the rest of the region, the balance of power in Burundi has remained static since then.

Mr. Buyoya is beset with enemies on both sides of the ethnic divide, who could sabotage any peace plan, diplomats and local politicians said. Indeed, militant Hutu and Tutsi leaders seem to have hardened their positions in the approach to talks next month in Tanzania. Few diplomats are optimistic about peace.

For his part, Mr. Buyoya put a brave face on things in a recent interview. He said he was convinced that the talks could produce a government satisfactory to the Tutsi minority, who have for centuries controlled the country, and the Hutu majority, who have historically been disenfranchised.

"Democracy is possible," Mr. Buyoya said, "but we have to reinvent our democracy, a democracy adapted to Burundi's realities, that would take into account our culture and experience, our social and political reality. We have to adapt democracy to what we are."

But when asked what he would propose at the negotiations, Mr. Buyoya declined to answer. The details, he said, must be worked out among parties and rebel factions.

For this president, a Tutsi, the details could be deadly. He was put in power by Tutsi business leaders and military officers who have the most to lose if democracy is re-established and a Hutu president is elected.

Mr. Buyoya acknowledged that he ran the risk of another coup if any agreement he achieved did not guarantee the Tutsi elite's hold on influence and financial advantage.

"I will try to bring a peace accord without causing a coup," he said. "You have to manage it so the Burundi people, including the military, are part of the accord."

That will not be easy. The Tutsi have historically been the ruling class. Today the overall population of Burundi is about 6 million; 15 percent are Tutsi. The army, dominated by Tutsi, savagely repressed Hutu uprisings in 1965, 1972, 1988, 1991 and finally in 1993.

Mr. Buyoya, an officer in the elite Tutsi paratroopers, first seized power in a 1987 coup against President Jean-Baptiste Bagaza, a longtime dictator. After selling most of the state-owned companies to his friends, Mr. Buyoya led the country to its first elections in 1993.

Though he predicted that he would win, Mr. Buyoya lost to the Hutu candidate, Melchior Ndadaye. Four months later, Mr. Ndadaye was killed in a coup by Tutsi paratroopers. Almost immediately Hutu youth gangs started killing Tutsi in the countryside; the army responded with widespread killings of Hutu civilians. It is generally accepted that more than 100,000 people died.

Successive coalition governments failed to restore order, and the real power remained firmly in the hands of the Tutsi-led military.

When senior officers carried out another coup last year, they chose Mr. Buyoya to take over the presidency, partly because, as a moderate, he was seen as palatable to the big foreign powers.

Despite his success in pushing back the guerrillas, Mr. Buyoya has few friends in the capital, save some of the businessmen and military commanders who asked him to take power to protect their interests.

Among ordinary Tutsi, he is widely seen as having sold out by agreeing to talks with the Hutu rebels, whom they accuse of carrying out genocide after the 1993 coup.

Mr. Buyoya's own party, the mainly Tutsi Union for National Progress, is split over the question of talks. The overheated propaganda in the capital has made it a certainty that a Hutu presidency will bring genocide against Tutsi. "The Tutsi are not scared of elections," said Charles Mukasi, secretary general of the president's party. "They are scared of being exterminated."

Caroline Island Now 'Millennium'

Agence France-Presse

AUCKLAND — Kiribati plans to change the name of the uninhabited Caroline Island to Millennium, according to a broadcast Monday from Radio Kiribati.

This followed its controversial measure to change the International Dateline thus beating New Zealand's Chatham Islands to the distinction of being the first place on the planet to see in the new millenium, a move that prompted protests from Britain's Royal Observatory.

Kaburoro Ruaia, Kiribati's foreign affairs secretary, said that the renaming had yet to be confirmed by the cabinet. Of the dateline change, which came about two years ago, he said, "It was not done with any regard at the time to the millennium but solely for administrative purposes alone."

Kiribati straddled the dateline and was the only nation to conduct activity within two days at any one time. Then Kiribati proclaimed that it would thenceforth occupy one day at a time. Most people lived west of the dateline, so the whole country went that way.

Thus Caroline 4,200 kilometers (2,600 miles) east of the capital, Tarawa, and 900 kilometers north of Papeete, French Polynesia, would see the day before Tonga or New Zealand.

The new millennium is turning into a major industry in the Pacific because of earnings to be generated from tourism. Hotels at islands likely to see the first light on the first day of the year 2000 are already fully booked.

Guam Crash Inquiry Winds Down as Typhoon Nears

Compiled by Our Staff From Dispatches

AGANA, Guam — The investigation at the site of a Korean Air jet crash in Guam is nearly over, U.S. government agents said Monday, and families prepared to take victims' bodies home to South Korea.

The death toll in the crash rose to 226 when a 10-year-old Chinese-American died at a Texas hospital where she was being treated for severe burns, a Korean Air official said.

That left only 28 survivors from the crash of Flight 801, which plowed into a ravine three miles (five kilometers) short of the Agana airport runway during a rainstorm last Wednesday.

Investigators from the National Transportation Safety Board have already sent much of the data about the crash to Washington for analysis and will be leaving Guam in days.

"Our operation here is winding down," said George Black, a member of the safety board.

But the safety board's investigators said they were still months away from figuring out what caused the crash. They have found, however, that an airport warning system that might have prevented the accident was not working at the time of the crash.

American armed forces were to bring heavy equipment to the crash site Monday to help a team from the safety board carve up and remove large pieces of the wreckage, said a spokesman, Keith Holloway.

The authorities had bulldozed a dirt road to the site on Sunday, but an approaching typhoon threatened to turn the path and the area around the wreckage into mud.

Guam was forecast to be hit with wind gusts of up to 40 knots Tuesday when the eye of the storm, Typhoon Winnie, is forecast to pass north of the Northern Marianas Islands, Thomas Yoshida of the National Weather Service said.

Meanwhile, workers were struggling to remove the remaining bodies from the crash site. So far, 162 complete remains and 41 partial remains have been recovered from the rocky hillside where the plane went down, Mr. Black of the safety board said.

At least 13 bodies have been identified, said Clifford Guzman of the Guam governor's office. Officials said earlier that 39 bodies had been identified, but Mr. Guzman said that number included victims whose families have not yet been notified or whose identity was only tentatively determined.

Arrangements were under way with the victims' families, most of them South Korean, to send the identified bodies home. Mr. Guzman said that should begin Tuesday.

Investigators believe the pilot had full control of the jet when it crashed, and are looking for clues to explain why he was flying so low.

Investigators are still looking at whether all the pilot's instrumentation was working and what impact the driving rain may have had. They also are analyzing the flight's data and voice recordings.

The Federal Aviation Administration was trying to determine when the faulty system, known as the Radar Minimum Safe Altitude Warning System, should have alerted officials that Flight 801 was flying too close to the hillside.

The system, which is monitored by the approach controller from the time an aircraft gets within 55 miles of the runway, normally issues an alert if a plane is flying too low, and officials on the ground can then inform the pilot.

But federal investigators said Sunday that an error was apparently inserted into the system's software during an overhaul.

Investigators said the mistake was not to blame for the crash, but a properly working system could have allowed air traffic controllers to direct the pilot of the Boeing 747 to pull the jetliner to a higher altitude as he approached Guam International Airport. *(AP, AFP)*

TRAVEL UPDATE

Italian Rail Workers Set 48-Hour Strike

ROME (AFP) — Workers for the Italian railroads will strike for 48 hours starting at 9 P.M. Aug. 21 as part of union attempts to get the state railroad to negotiate a new national contract, according to a union statement issued Monday.

There was no immediate response from management to the announcement.

More TAP Disruption

LISBON (Reuters) — Pilots at TAP-Air Portugal were preparing to take their battle over working hours to court as the struggling airline canceled three more flights Monday.

Planes bound for Amsterdam, Zurich and Munich were grounded despite a government decree on Saturday ordering the pilots' union to call off a selective strike.

Where Are Japanese?

HONG KONG (AFP) — Hong Kong has opened an operation aimed at luring back Japanese tourists who have been staying away in droves since the final days of the British colonial era.

The number of Japanese visitors, who last year contributed 18.5 percent of the travel industry's earnings of 84.5 billion Hong Kong dollars ($10.87 billion), has declined 48 percent since June 1996. The Hong Kong Tourist Association says 789,000 visitors came to Hong Kong in June this year, down 14 percent from the same month a year earlier.

Worried about the Japanese snub, the tourist association recently flew 200 tour operators and journalists to Hong Kong to show them that, in their view, nothing has changed.

Potsdam, the former residence of Prussia's kings, will open a museum highlighting the history of the defunct German state by 2001, promoters of the project said Monday. *(AFP)*

Hundreds of commuters pelted trains with stones and blocked tracks in Bombay on Monday following delays caused by a one-day strike, officials said. *(AFP)*

Officials used helicopters to start bringing hundreds of people out of a canyon flooded by torrential rains near Supai, Arizona. About 350 to 400 tourists were vacationing in Cataract Canyon when 3 to 4 inches (10 to 12 centimeters) of rain soaked the area in two and a half hours Sunday morning. *(AP)*

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
Heavy thunderstorms will roll across the Northeast and New England Wednesday, then pleasant with sunshine Thursday and Friday. Sunny, hot and dry in much of the West with monsoon thunderstorms in the central and southern Rockies. Steamy with a few thunderstorms in the Southeast.

Europe
Plenty of sunshine across central and southern Europe from Wednesday through Friday. Spain, southern France and most of Italy will have readings in the middle 30s. London will be comfortable with some sun and a shower or two, but heavier rains will be across northern England.

Asia
Soaking rains are likely near the east coast of China south of Shanghai. Dry and hot weather with lots of sunshine is in store for Beijing and most of northeastern China. It may thunderstorm in Tokyo Wednesday; otherwise, Seoul and Tokyo will be hot and humid with sunshine.

Europe

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Algarve	27/80	17/62 s	29/84	21/70 s
Amsterdam	26/82	19/66 c	26/79	16/61 pc
Ankara	22/71	11/52 sh	24/75	10/50 pc
Athens	29/79	19/66 pc	29/82	19/66 pc
Barcelona	25/77	18/64 pc	26/79	20/68 s
Belgrade	23/73	14/57 sh	28/82	15/59 pc
Berlin	26/82	18/64 pc	27/80	18/64 pc
Brussels	29/82	19/66 sh	29/79	16/61 pc
Budapest	27/80	14/57 s	27/80	17/62 pc
Copenhagen	24/75	15/59 pc	26/79	17/62 pc
Costa Del Sol	30/86	19/64 s	31/88	22/71 s
Dublin	20/68	13/66 r	19/66	11/52 sh
Edinburgh	26/79	17/62 c	22/71	13/55 sh
Florence	29/84	14/57 pc	29/84	18/64 pc
Frankfurt	28/82	16/61 s	27/80	16/61 pc
Geneva	27/80	17/62 r	29/84	18/61 pc
Helsinki	18/64	11/52 pc	21/70	11/52 pc
Istanbul	27/80	17/62 pc	27/80	17/62 pc
Kiev	22/71	13/55 c	24/75	13/55 pc
Las Palmas	26/79	19/66 s	26/79	22/71 s
Lisbon	24/75	17/62 pc	28/82	19/66 pc
London	26/79	14/57 sh	24/75	14/57 pc
Madrid	34/93	19/66 pc	36/97	19/66 pc
Mallorca	29/84	18/61 s	30/86	19/66 s
Milan	31/88	19/66 pc	29/84	21/70 c
Moscow	22/73	14/57 pc	23/73	14/57 pc
Munich	25/77	13/53 s	26/77	16/61 s
Nice	27/80	21/70 c	28/82	21/70 pc
Oslo	26/79	15/64 pc	26/79	16/61 pc
Paris	29/82	15/59 pc	27/80	16/61 pc
Prague	27/80	13/55 s	27/80	16/61 s
Reykjavik	20/68	14/57 c	19/66	14/57 c
Riga	22/71	13/53 s	22/71	13/55 c
Rome	29/84	17/62 pc	28/82	17/62 pc
St Petersburg	19/66	13/53 pc	19/66	11/52 r
Stockholm	20/68	14/57 pc	22/71	14/57 pc
Strasbourg	30/86	17/62 pc	29/84	17/62 pc
Tallinn	19/66	13/55 pc	21/70	11/52 pc
Tbilisi	36/97	20/68 s	32/89	21/70 pc
Venice	26/79	18/61 pc	27/80	20/68 pc
Vienna	26/79	18/61 pc	27/80	18/61 pc
Warsaw	26/79	13/55 pc	25/77	14/57 pc
Zurich	28/82	15/61 pc	27/80	17/62 pc

Middle East

Abu Dhabi	44/111	29/84 s	45/113	29/84 sh
Beirut	24/75	19/66 s	28/82	21/70 pc
Cairo	36/97	21/70 s	33/91	20/68 pc
Damascus	32/89	13/55 s	32/89	14/57 s
Jerusalem	27/80	14/57 s	27/80	15/59 pc
Luxor	42/107	21/70 s	41/106	23/73 s
Riyadh	44/111	28/77 s	43/109	29/84 s

Asia

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Almaty	29/84	14/57 s	29/84	16/61 s
Bali	29/84	20/68 s	29/84	21/70 s
Bangkok	31/88	24/75 r	33/91	26/79 pc
Beijing	35/95	26/79 s	33/91	24/75 s
Bombay	29/82	24/75 r	27/80	24/75 c
Calcutta	32/89	24/75 c	31/88	24/75 c
Cheung Mei	31/88	22/71 r	30/86	24/75 r
Colombo	29/82	24/75 r	28/82	25/77 c
Hanoi	33/91	27/80 c	33/91	27/80 c
Ho Chi Minh	32/89	23/73 c	31/88	24/75 s
Hong Kong	30/86	25/77 r	30/86	26/79 pc
Islamabad	37/98	25/77 pc	34/93	23/73 t
Jakarta	29/84	22/71 pc	30/86	23/73 pc
Karachi	31/88	26/79 pc	31/88	27/80 pc
K. Lumpur	31/88	22/71 c	31/88	23/73 pc
K. Kinabalu	31/88	22/71 pc	30/86	24/75 pc
Manila	30/86	22/71 pc	29/84	24/75 pc
New Delhi	36/97	26/79 pc	33/91	24/75 sh
Phnom Penh	32/89	23/73 c	31/88	24/75 c
Phuket	31/88	24/75 r	33/91	26/79 pc
Rangoon	29/84	23/73 r	29/84	24/75 c
Seoul	29/84	21/70 s	30/86	22/71 pc
Shanghai	31/88	24/75 pc	31/88	25/77 c
Singapore	30/86	21/70 pc	31/88	22/71 pc
Taipei	33/91	26/79 pc	32/89	26/79 pc
Tokyo	31/88	26/79 pc	31/88	26/79 pc
Vientiane	29/84	23/73 r	29/84	23/73 sh

Africa

Algiers	30/86	17/62 s	32/89	19/66 pc
Cape Town	16/61	9/48 c	17/62	10/50 c
Casablanca	24/75	19/64 s	27/80	23/73 sh
Harare	33/71	12/53 pc	23/71	12/53 c
Lagos	27/80	22/71 c	26/79	22/71 c
Nairobi	26/79	10/50 s	24/75	12/53 pc
Tunis	33/91	17/62 s	31/88	19/66 s

North America

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Anchorage	17/62	12/53 r	19/66	12/53 sh
Atlanta	32/89	21/70 pc	33/91	21/70 pc
Boston	24/75	19/66 sh	24/75	18/64 sh
Chicago	23/73	16/61 r	24/75	15/59 sh
Dallas	36/97	24/75 pc	34/93	22/71 pc
Denver	29/84	13/55 t	30/86	13/55 t
Detroit	23/73	16/61 r	28/77	15/59 sh
Honolulu	29/84	21/70 pc	31/88	22/71 pc
Houston	36/97	24/75 t	34/93	23/73 pc
Los Angeles	29/82	16/61 pc	29/84	17/62 pc
Miami	32/89	26/79 t	33/91	25/77 t
Minneapolis	24/75	13/55 sh	23/73	13/55 pc
Montreal	26/79	11/52 s	23/73	14/57 c
Nassau	31/88	24/75 s	33/91	25/77 pc
New York	30/86	23/73 t	31/88	22/71 t
Orlando	33/91	23/73 t	33/91	23/73 t
Phoenix	42/107	28/79 s	41/106	27/80 t
San Fran.	23/73	14/57 pc	24/75	14/57 pc
Seattle	30/86	14/57 s	26/82	13/55 pc
Toronto	23/73	14/57 pc	26/79	12/53 sh
Vancouver	27/80	14/57 s	29/82	19/66 pc
Washington	33/91	23/73 t	32/89	22/71 pc

Latin America

Buenos Aires	20/68	10/50 pc	22/71	8/46 pc
Caracas	29/79	19/66 sh	27/80	20/68 pc
Lima	20/68	16/61 pc	20/68	17/62 pc
Mexico City	24/75	12/53 pc	24/75	12/53 pc
Rio de Janeiro	22/71	17/62 pc	24/75	18/64 pc
Santiago	21/70	8/46 s	19/66	6/43 pc

Oceania

Auckland	14/57	8/46 pc	13/55	8/48 sh
Sydney	18/64	8/46 c	14/57	3/37 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hce, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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THE AMERICAS

The Big Winners in Campaign Probes (Surprise!) Are Lawyers

By Ruth Marcus
Washington Post Service

WASHINGTON — In 1996, the political consultants raked in the big bucks from political parties and politicians.

In 1997, it is the lawyers.

Like the Watergate, Iran-contra and Whitewater investigations before it, the sprawling campaign finance scandal — with its international cast of characters and multiple-pronged inquiries by the Justice Department and both houses of Congress — has been very lucrative for the lawyers.

The legal bills from Debevoise & Plimpton, the Democratic National Committee's outside law firm, are already $8.5 million — nearly triple the amount of questionable contributions the party has returned to donors.

Moreover, the Democratic National Committee faces $500,000 in legal bills — with more to come — from the lawyers for 17 current and former workers whose expenses it has agreed to pay.

"This really dwarfs most civil litigation," said Joseph Sandler, general counsel of the Democratic National Committee.

By comparison, the Republican National Committee has spent far less — $300,000 to $400,000 — according to its general counsel, Michael Grebe, and has budgeted $500,000 for the inquiry.

In one graphic example of the "lawyerization" of political life, Haley Barbour, a former chairman of the Republican National Committee, was accompanied by seven attorneys when he testified last month before the Senate Governmental Affairs Committee.

They included his lawyers at Williams & Connolly and the Republican National Committee's outside lawyers from Foley & Lardner.

Mr. Grebe estimated the cost for that appearance alone was $1,000 an hour — which doesn't account for his time, which he donates, or the costs of the committee's in-house lawyers.

"To the layperson, it seems curious but it is sensible," Mr. Grebe said of Mr. Barbour's legal squad.

They were needed, he said, to provide Mr. Haley with the instant response he would need if something came up involving a particular document.

If modern political campaigns have become big-budget affairs, with their supporting cast of consultants and pollsters and media buyers, modern political scandals have become something of the same, with a big cast of white-collar crime defense lawyers.

The current investigation may be the biggest of them all.

For the relatively small white-collar defense bar, having a client — especially a high-profile one — is a matter of pride.

Even if their clients are slow to pay — or maybe will not pay at all — the lawyers still want to be involved.

"Particularly lawyers in the criminal defense bar — we like a good story," said Robert Luskin, who is representing a former White House aide, Mark Middleton. "You want to be where the action is. It's professional standing. All the other horses are out of the firehouse. Why are you still inside? There's clearly a cachet."

Mr. Luskin said he is trying to trim costs for his client by charging a reduced rate, writing off part of his fees, and taking money-saving steps such as attending depositions without an associate.

"The object is to leave him standing at the end of this thing," he said.

Some observers say the legal costs of the fund-raising scandal are a symptom of the larger woes of an increasingly expensive legal system.

Walter Olson, a scholar at the Manhattan Institute who has written extensively on the costs of litigation, said: "We've set up a system in which to bring an accusation is to inflict the kind of costs that very few individuals or institutions can withstand, and when we do that we put the effective power in the system into the hands of those who can get an investigation going."

He added: "What I see here is a pattern that goes on, unfortunately, every day in the legal disputes of private life."

Some lawyers involved in the inquiry look at the committee's bills with astonishment at the size, envy that they're not earning at that rate and perhaps relief that they will have an even more egregious example to point to the next time a client challenges a big bill.

"It's like when some house in your neighborhood sells for an exorbitant amount of money," said one lawyer involved in the campaign finance case.

"On the one hand, you feel really bad for the suckers who bought it. On the other hand, you think, 'Well, my house just went up in value.'"

Stripped of Power, Barry Is Defiant

D.C. Mayor Says Citizens Should 'Rise Up' for Home Rule

By Vernon Loeb
Washington Post Service

WASHINGTON — For the first time in nearly a decade and a half as mayor of Washington, Marion Barry wasn't in charge. It had to come as a shock.

The government — his government — was mostly gone, turned over to the District of Columbia financial control board. The cabinet — his cabinet — was nodding obediently to his nemesis, Andrew Brimmer, the control board's chairman.

But if Mr. Barry was suffering from vertigo, he never wobbled in public, turning his own demise as a government manager into what he clearly hopes will become a potent political issue: the virtual suspension of home rule.

"The Republicans want to control this city through the control board," Mr. Barry said. "It's more than just Marion Barry. People are intelligent. I don't have to tell the community that their rights have been taken away. But I'm going to continue to tell the truth, and continue to tell the people that what happened was not right to do, and continue to urge the community to rise up, in anger."

Jack Evans, a Democrat who is a member of the City Council and the only unofficially declared candidate for next year's mayoral race, sees it all as vintage Barry.

"The mayor's doing the only thing he can do — and what he does best," Mr. Evans said. "He's an activist at heart, not a government manager. Barry can't argue the management part. Much of this was done because of his poor management."

Mr. Evans and numerous others, including Representative Thomas Davis 3d, Republican of Virginia, and Senator Lauch Faircloth, Republican of North Carolina, also insist that Mr. Barry's oft-repeated charge that democracy has been "raped" this summer is pure rhetoric, since the control board arguably had the power to run municipal agencies since the day it was created in 1995.

Even Lawrence Guyot, a veteran civil-rights activist and staunch Barry supporter, concedes that. But Mr. Guyot maintains that Mr. Faircloth's "crude" insertion of language stripping Mr. Barry's power into President Clinton's district-rescue package has indeed triggered a grass-roots movement of home-rule supporters "that cuts across race lines, cuts across class lines."

Mr. Barry, he added, stands to benefit from that outrage more than anybody else. "This move by Congress virtually guarantees Marion Barry's re-election," Mr. Guyot said. "I found it hard to find anyone who could beat him before this, but I think that's a settled question now."

Few other political observers, at this point at least, have ventured that far out onto the limb. But Mr. Guyot and the mayor were hardly alone at the ramparts.

The Reverend Jesse Jackson came to Washington, met with dozens of ministers and community activists and announced a series of demonstrations, including one at Mr. Faircloth's hog farm in North Carolina and another involving Louis Farrakhan in Washington.

"This is not a choice for or against Marion Barry," Mr. Jackson said at a news conference. "This is not a referendum on the mayor. This is about the right to choose one's leadership."

Mr. Barry accused Mr. Brimmer of essentially lying to him about how the control board intended to assert its new authority. Then the mayor went much further, saying: "What happened in other societies — and I don't like using analogies, because people don't like that — but there are other situations where totalitarian governments, or governments that wanted to keep control with their foot on the heads of the people, have appointed local people to do their dirty work."

Mr. Faircloth's spokesman, Peter Hans, dismissed the criticism by Mr. Barry and Mr. Jackson as overheated and inaccurate. "It's too bad that Jesse Jackson and Marion Barry don't put as much effort into cleaning up a terribly mismanaged city government as they do to planning protests," Mr. Hans said. "Is this about voting rights or is this about Marion Barry? No, it's about neither. It's about the management of the nation's capital."

POLITICAL NOTES

Mark Humphrey/The Associated Press

THE GORES' DAY — Vice President Al Gore and his wife, Tipper, applauding a musical act at the Gore Family Barbecue in Nashville, Tennessee. Seated at the left are Mr. Gore's parents, Pauline and Al Gore, Sr.

Mrs. Clinton Exploits A Social Laboratory

WASHINGTON — Hillary Rodham Clinton is actively pursuing her second-term strategy, increasing appearances in Washington to spotlight her national agenda.

Just blocks from the White House are some of the nation's poorest citizens, most dangerous streets and weakest schools, a laboratory of social ills for a public figure promoting her views on education, crime, economics and the responsibility she says people have to improve the lives of others.

In recent months, Mrs. Clinton:

• Visited an elementary school to urge charitable foundations and corporations to help pay for safe-haven learning centers that keep kids off the streets after class.

• Told high school students and their teachers that her visits to District of Columbia schools revealed "the best and worst" in American education. "What bothers me and frustrates me is that when we know what works," then "why don't we do that in every single school in the city?"

• Told business leaders that despite all the negative attention, "this is a unique place to live, work and do business." She urged them to support programs that give small loans to fledgling entrepreneurs.

• Urged lawyers to "adopt" local schools, improving the reputation of their profession and the quality of education.

Washington "is full of lawyers," she said, drawing laughs from fellow attorneys.

• Visited a local hospital to promote a new program that gets pediatricians to prescribe books to youngsters along with medicine.

Mrs. Clinton hopes her appearances will help improve conditions in Washington and highlight her national agenda. *(AP)*

Guests Can't Resist White House Cutlery

WASHINGTON — They were tucked in tissues inside an envelope scanned with the rest of the president's mail: Two silver forks, a knife and a teaspoon, all engraved "The White House."

A corporate guest pocketed the silverware at a power lunch in the West Wing of the White House and foolishly bragged about it back at the office. His boss dressed him down and hastily mailed back the booty.

"He apologized. He said he was embarrassed that his employee had the nerve to remove the silverware," recalls Randy Baum, a White House dining room supervisor for Presidents Reagan and Bush.

Guests are welcome to souvenir table menus, paper cocktail napkins printed with the Great Seal of the United States, place cards, after-dinner entertainment programs — even photographs of themselves hobnobbing with the president.

An estimated 2,600 guests attended formal dinners at the White House last year alone, however, and in such a crowd a few just can't resist the urge to swipe a spoon, snatch a drapery tassel, pocket a tiny plate. *(AP)*

Quote/Unquote

Ralph Hutchison, of the Oak Ridge Environmental Peace Alliance, objecting to Energy Department plans to use space in a civilian nuclear power plant to make tritium for nuclear weapons: "Civilian nuclear programs and military programs are separate and distinct, and we have told the North Koreans, Iran and everybody that." *(NYT)*

Away From Politics

•**A speeding van full of cheerleaders** from the State University of West Georgia flipped over on an expressway after a blowout, killing the coach and a cheerleader and injuring 11. *(AP)*

•**Investigators studying a plane crash** that killed at least five people in Miami are focusing on whether the Fine Air cargo of 45 tons of cloth was loaded properly. *(AP)*

•**A discount store in Nashville was looted and burned** after a white police officer shot and killed a black murder suspect there during a struggle. *(AP)*

•**A fire burned out of control at a** YMCA in Perth Amboy, New Jersey, where homeless men were staying, and seven were unaccounted for, the mayor's office reported. *(AP)*

Mexico Awash in Drug-Related Crime

'Narco-Dollars' Flood In, Bringing a Surge in Murders and Corruption

By John Ward Anderson
Washington Post Service

MEXICO CITY — A gangland-style multiple slaying in a restaurant; an economy propped up with "narco-dollars"; assassinations of drug dealers, journalists and U.S. Drug Enforcement Administration informants; drug scandals at the highest levels of the military; judges inexplicably dropping charges against major kingpins.

It may sound like Colombia circa 1990, but these are headlines from the past month in Mexico, and to many they suggest a country reeling under the weight of drug warfare and corruption.

Analysts say the problems will only get worse as Mexico tries to shake itself from the grip of drug organizations that have deeply penetrated its institutions and are unlikely to let go without a fight.

"I don't recall the type of gangland, Mafia-style killings back and forth that we've seen since the beginning of the year, and it's gotten worse in the last couple of weeks," said Jorge Castaneda, a Mexico City political analyst and author. "It's worse than ever, and the problem is there's more infighting within the cartels and the government, and more leaks and more people wanting to talk than ever before."

Much of the carnage can be blamed on power struggles among drug traffickers trying to gain the upper hand, exact revenge and steal money, drugs and territory since the bizarre death five weeks ago of Mexico's No. 1 drug kingpin, Amado Carrillo Fuentes, who headed the Juarez cartel.

But the events also are part of a more far-reaching, long-term battle by Mexico to check the growing power of drug cartels.

"Mexico is coming to a crossroad, but they are not there yet," said Peter Lupsha, a former professor at the University of New Mexico and an expert on Mexican drug trafficking. "In the long run, democracy hopefully will conquer, they will clean out corruption, new people will come into power, and this will become a police matter and not a national security matter."

In recent weeks, there has been a cascade of drug-related news:

• In a scene straight out of "The Godfather," two men in a Jaguar pulled up in front of a steakhouse in the border city of Ciudad Juarez on Aug. 3, walked into the restaurant's bathroom and emerged a few moments later with AK-47 assault rifles blazing, killing four men and two women in a hail of 150 bullets.

Police said the motive for the slaying was unclear, but local reporters said it appeared that at least one of the victims was a drug trafficker and an informant for the Drug Enforcement Administration, while at least three and possibly five were innocent bystanders. The U.S. drug agency refused to comment.

• New charges of corruption at the top of Mexico's armed forces have been lodged almost daily. Two weeks ago, the respected weekly magazine Proceso published secret Defense Department documents saying that at least six former high-ranking army officers had aided major drug kingpins. The next day, the Defense Department said that so far this year, it had identified 34 former military officials suspected of working for drug cartels to military and civilian judicial authorities.

The following day, a woman named in the Proceso article, Irma Lizett Ibarra Naveja, was shot and killed while driving her car in the city of Guadalajara by two men on a motorcycle. In the article, Ms. Lizett Ibarra was identified as a liaison who had set up meetings between army officials and narcotics traffickers.

Mexico's attorney general then released a letter supposedly written by Ms. Lizett Ibarra saying that if she were ever assassinated, it would be because of her contacts with two top lieutenants of the Juarez cartel and with former General Jesus Gutierrez Rebollo, who was fired this year as head of Mexico's anti-drug agency for being on the Juarez cartel's payroll.

Mr. Gutierrez Rebollo's daughter has denied he knew Ms. Lizett Ibarra.

The ex-general's lawyer then said that Mr. Gutierrez Rebollo would soon release the names of six state governors, about a dozen active generals and more than 20 Mexican cabinet ministers, diplomats and political party chiefs who had links to major drug traffickers.

• A newspaper reported last week that two generals had been implicated, along with a federal prosecutor and eight soldiers and police officers, in the theft in May of a half-ton of cocaine, valued at about $10 million, from police custody in San Luis Rio Colorado on the Arizona border. A newspaper editor who had aggressively investigated that and other drug stories was gunned down three weeks ago.

• The journal Latin Trade reports in its September issue that U.S. and Mexican authorities estimate as much as $15 billion in drug money is laundered through Mexico's financial system each year, the equivalent of about 4.6 percent of the country's gross domestic product. It has been estimated that the drug trade could be pumping $25 billion to $50 billion a year into the country's economy, accounting for between 8 percent and 15 percent of Mexico's $322 billion GDP.

Train Escaped Catastrophe in Arizona Derailment

By Don Phillips
Washington Post Service

KINGMAN, Arizona — The Southwest Chief's passengers and crew came closer to disaster than they realized as they walked away, mostly uninjured, from the 90-mile-an-hour derailment, investigators said.

The chairman of the National Transportation Safety Board, Jim Hall, expressed relief that there were so few serious injuries — 16 people hospitalized, only one in critical condition — when the Los Angeles-Chicago train with 309 people aboard derailed Saturday at a collapsing wooden bridge that had been weakened by a wall of water from an unusually intense desert thunderstorm.

Mr. Hall said investigators had already ruled out as a cause any mechanical problems with the train or the railroad signal system. Other than to say that the weather "obviously" was a factor in the crash, he refused to speculate.

But the train could have plunged into the ditch, or "wash," if the bridge had not held up as well as it did, and a fuel tank that was pierced by a rail might have erupted in flames if it had not been the new "crash proof" type required on all passenger trains.

The bridge deck, although sagging and undermined by flooding, did not collapse totally until after the train came grinding to a halt with the wheels of a sleeping car resting on either side of the 37-foot (11½-meter) gap.

One by one, the locomotives and cars sagged with the bridge and rammed against the top of the support wall on the far side, bouncing up as they hit, according to Bob Campbell, a safety board bridge specialist.

This apparently led to the "roller coaster" effect that many passengers described. As each car rammed across, the bridge was hammered down more, but it did not collapse to the point that it could not guide the cars across.

This is remarkable because investigators believe the bridge supports were largely washed away. Mr. Hall said the "mud sills" on which the bridge rested were found a quarter mile (400 meters) downstream. "My assessment was that most of the bridge was down before the train came through," Mr. Campbell said.

Mr. Hall said both engineers in the cab said they saw a "hump" in the bridge when they were 100 to 200 yards away, and both grabbed the emergency brakes. But with the train traveling that fast, Mr. Hall said, they were uncertain whether the crew hit the brakes or whether the brakes activated automatically when the first locomotive separated from the rest of the train.

Mr. Hall quoted them as saying, "It felt like the engine was launched" when they hit the bridge. They immediately radioed for help.

Investigators also revealed that a broken rail rammed through the fuel tanks on the fourth locomotive, the one nearest to the train, and continued through a baggage car. However, Mr. Hall said damage to the crash-proof tanks on the new General Electric locomotive produced only minor leaks.

That was in contrast to the collision of a commuter train with Amtrak's Capitol Limited at Silver Spring, Maryland, in December 1995, when the fuel spray from a ruptured older tank incinerated the lead car of the commuter train, killing 11 people.

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THE WORLD'S DAILY NEWSPAPER

INTERNATIONAL

U.S. Sets Up Arafat Meeting With Israeli Intelligence Chiefs

The Associated Press

JERUSALEM — President Bill Clinton's peace envoy said Monday that he hoped a meeting between Yasser Arafat and Israeli intelligence chiefs would be a first step toward reopening talks on broader political issues.

The U.S. envoy, Dennis Ross, succeeded in bringing together the Palestinian leader and Israeli security officials in the West Bank city of Ramallah.

Mr. Ross met earlier with Mr. Arafat and Prime Minister Benjamin Netanyahu.

He said his purpose was to re-establish security cooperation, which is also Israel's primary concern following a double suicide bombing on July 30 in a Jerusalem market.

"There has to be a security underpinning, but the political issues also have to be addressed," Mr. Ross said Monday "What we are doing at this point is trying to lay that basis."

The bombing death toll rose to 16 when Eli Adourian, 49, of Kfar Adumim, died of his wounds. He had been in intensive care since the attack, hospital officials said.

Thousands of Palestinians, however, including supporters of the militant groups Hamas and Islamic Jihad, rallied in Ramallah and Gaza City against Israeli policies.

"Your crimes will lead to disaster!" said a banner addressed to Mr. Netanyahu in Ramallah, where protesters burned Israeli flags.

"America is an ally of the enemy!" one protester shouted through a loudspeaker.

After the Ramallah demonstration, more than 100 young men burned tires and hurled stones at Israeli soldiers manning an army checkpoint outside the entrance to the city.

The Israeli troops defused the situation by allowing Palestinian cars to go through the checkpoint toward the demonstrators, creating a huge traffic jam.

Palestinian police then chased demonstrators back into the Palestinian-controlled part of the city.

Marwan Barghouti, head of Mr. Arafat's Fatah faction of the Palestine Liberation Organization in the West Bank, said Fatah opposed any security cooperation while Israel continues a closure of the West Bank and Gaza Strip, imposed after the bombings.

"As long as this situation continues there will be no excuse to arrest any Palestinian," Mr. Barghouti said. "Any security cooperation must go parallel with political cooperation."

In Gaza, marchers carried photographs of some of the thousands of Palestinians in Israeli jails. "The explosion is unavoidable," said the Palestinian minister, Imad Falouji, a former Hamas leader.

Mr. Netanyahu blames Mr. Arafat for not doing enough to eradicate the infrastructure of militant factions including Hamas, the Islamic group that Israel blames for the market bombings.

Mr. Ross's emphasis on security initially prompted protests from the Palestinians, who feared their issues would be ignored. But Mr. Ross appeared to mollify Mr. Arafat by telling him that a far-reaching political initiative by Secretary of State Madeleine Albright would follow restored security cooperation.

Israeli-Palestinian relations deteriorated in March after Israel began building a large Jewish neighborhood in a part of Jerusalem that the Palestinians hope to make the capital of a future state.

Mr. Ross attended Mr. Arafat's talks with Ami Ayalon, the head of Israel's Shin Bet security service, and other security officials.

The reaction to the talks was skeptical — on both sides.

Meetings alone, Mr. Netanyahu said in a television interview, are meaningless.

"What we need is action," he said, adding that he wanted to see Palestinian leaders act against the terrorists.

"We'd like to see them stop the incitement for violence, we'd like to see them collect the bombs, we'd like to see them do all these things — that's what these meetings are supposed to report on," Mr. Netanyahu said.

Hanan Ashrawi, a minister in Mr. Arafat's cabinet, called Mr. Ross's focus on security "the wrong approach."

South Africa Truth Panel Opens a Tough Hearing

Killers of Communist Leader Seek Amnesty

Reuters

PRETORIA — South Africa's truth commission opened one of its toughest hearings on Monday to decide whether to free the men who murdered the communist leader Chris Hani in 1993, nearly wrecking the transition from apartheid.

A Polish immigrant, Janusz Walus, the gunman, and a rightist politician, Clive Derby-Lewis, the mastermind, have applied for amnesty and will speak publicly about their deed for the first time at the hearing.

The Truth and Reconciliation Commission, set up by President Nelson Mandela to expose apartheid-era crimes and offer forgiveness in return for confession, has the power to grant amnesty if the two can prove political motives.

But Mr. Hani's family and the South African Communist Party fiercely oppose amnesty for the unlikely partners in crime, whose original death sentences were commuted to life in prison.

"No amnesty," "Derby-Lewis must serve life" and "You are murderers" read placards held by their supporters who gathered outside the City Hall for the hearing.

Mr. Hani's death on Easter Saturday in 1993 hit South Africa like an earthquake during one of the hardest periods of the long negotiations that ended in free elections a year later. A former leader in exile of the African National Congress's armed wing, he was an immensely popular figure eclipsed only by Mr. Mandela, whom many believe he could have succeeded as president.

Mr. Walus, a fierce anti-Communist who left Poland for South Africa in 1981, shot Mr. Hani four times outside his home in a middle-class suburb near Johannesburg.

A white neighbor saw Mr. Walus, memorized the number of his automobile and alerted police, who arrested him 10 minutes later.

Juda Ngwenya/Reuters

Janusz Walus, left, and Clive Derby-Lewis appearing before the South African truth commission on Monday.

The evidence led to Mr. Derby-Lewis, a former member of the all-white Parliament for the far-right Conservative Party. His wife, Gaye, also stood trial but was acquitted, and the court found insufficient evidence to back up claims of a far-right conspiracy to kill South Africa's black leaders.

George Bizos, a defense lawyer in the 1964 trial that saw Mr. Mandela sentenced to life imprisonment, will oppose amnesty. Newspapers said Mr. Bizos would produce hitherto unheard statements by the two applicants to try to show they had not told the whole truth — a condition for amnesty.

The family also say the two men have failed to explain the role of Gaye Derby-Lewis and lied when they said they killed Mr. Hani — by then committed to a negotiated peace — because he was seen as a legitimate military target.

Peter Braestrup, Vietnam War Correspondent, Is Dead at 68

Washington Post Service

WASHINGTON — Peter Braestrup, 68, who saw combat in Korea as a Marine, covered the Vietnam War as a correspondent for The Washington Post and founded one of the nation's premier intellectual publications, the Wilson Quarterly, died Sunday in Maine, apparently of a heart attack.

Mr. Braestrup was widely known in scholarly and journalistic circles as the author of "Big Story," a massive study of how the news media covered the 1968 Tet Offensive, a watershed event of the Vietnam War.

Mr. Braestrup wrote for Time magazine from 1953 until 1957, when he joined the old New York Herald-Tribune for a three-year stint that included spending a month with guerrillas in Algeria.

In 1960, he joined The New York Times, heading the newspaper's bureau in Algiers from 1962 to 1965. He went on to Paris, then became bureau chief in Bangkok, covering events throughout Southeast Asia.

He joined The Washington Post in 1968 and headed its bureau in Saigon during the peak years of the Vietnam War. He also worked at the newspaper's Washington office, covering events in the city. Mr. Braestrup went to the Woodrow Wilson International Center for Scholars here on a fellowship in 1973 and while at the center conceived the idea for the Wilson Quarterly.

After helping to bring the magazine into being, he served as its editor until joining the Library of Congress as a senior editor and director of publications in 1989.

Walter I. Farmer, 86, Protested Treating German Art as Booty

NEW YORK (NYT) — Walter I. Farmer, 86, who was awarded a German medal last year for having protested, as a U.S. Army captain in Germany in the months after World War II, his superiors' decision to ship artworks to the United States, died of cancer Saturday in Cincinnati.

Mr. Farmer, an architect and interior designer, was one of the few American survivors of an American government panel, the Commission for the Preservation of Works of Art of International Importance in War-Torn Areas.

William Lincer, 90, the principal violist of the New York Philharmonic from 1943 to 1972, died July 31 in New York.

FRIENDS: *Clinton and Blair Put Special Back Into Relationship*

Continued from Page 1

visit. "It purely is a diary problem," he said.

Marsha Berry, a spokeswoman for Hillary Rodham Clinton, agreed: "It's a scheduling problem and nothing else."

The ease with which the two leaders get on contrasts with what many observed as chilly cordiality between Mr. Clinton and former Prime Minister John Major. Some put this down to the Conservative Party's having parachuted help into the Republicans' 1992 presidential campaign, especially after the allegation that Mr. Major's government investigated whether Mr. Clinton tried to avoid the draft by becoming a British citizen in 1968 when he was a Rhodes scholar at Oxford. The two eventually developed a working relationship, but it could not have been described as warm.

The bonding between Mr. Clinton and Mr. Blair marks a success for what has been termed the "Blair mafia," movers and shakers who have worked on Mr. Blair's image in the United States.

"We think Blair's image is very important here," said Chris Jones, secretary of the Labour Party branch for British subjects living in the United States. "Clearly, the Americans regard him as a leading European politician. For many, Britain is America's window on Europe. If you can cultivate the special relationship and bring Tony Blair into the spotlight, I think we are doing our job."

Washington, for Mr. Blair, is crucial. Britain invests more in the United States than in any other country; conversely, Americans are the biggest foreign investors in Britain. Accordingly, the Labour leader has had many supporters working in the capital and in New York to promote him as a powerful politician, one who is able to ensure economic stability and growth and reassure American investors that Britain is good business and is in good hands.

Mr. Blair has worked to overcome the suspicion with which Labour leaders have been regarded here. After a struggle, Mr. Blair abolished the historic Labour tract that committed the party to the nationalization of British industry and began to talk of "New Labour" as the party of business.

The importance of Washington was emphasized by the recent announcement by the British government that the new British ambassador would be Christopher Meyer, Mr. Major's former press secretary and currently British envoy in Bonn. The appointment was seen in Bonn as a clear indication that Britain gives political priority to the United States over Germany. Mr. Meyer, said to be "highly thought of" by Mr. Blair, was the prime minister's personal choice.

Until 1992, there was a degree of antipathy toward the United States within the Labour Party, said Keith Tarr-Whelan, chairman of the U.S. branch of the party. But that began to change with the election of Mr. Clinton in 1992.

The pro-Blair public relations machine has swung swiftly into operation, and Mr. Blair and his wife, Cherie, a lawyer, have been presented to the American public as a good-looking couple who have no sordid skeletons in their closet. At a recent party in New York held by Harold Evans, the British president of the publisher Random House, and his wife, Tina Brown, editor of the New Yorker, the Blairs mingled with celebrities such as Martin Scorsese, Henry Kissinger, Lauren Bacall and Barbara Walters. The British people who attended were dubbed "cocktail socialists" by the British press.

Some in the Blair mafia dismiss such parties as inconsequential events that mask the serious work being done on Labour's behalf. Since Mr. Clinton's 1992 campaign, the bond between Democratic advisers and Labour Party insiders has continued to solidify. Jonathan Powell, Mr. Blair's chief of staff, was a catalyst for the changing relationship when he worked here at the British Embassy as first secretary during Mr. Clinton's first presidential campaign.

Mr. Powell established relationships with key Clinton aides, many of whom have tuned into the New Labour message. They include the journalist-turned-White House-aide Sidney Blumenthal, the Democratic pollster Stanley Greenberg, the former White House official George Stephanopoulos and Paul Begala, a former Clinton adviser who is about to join the White House staff.

Mr. Greenberg said: "I think there is something to the special relationship, but it has developed further now. Blair and Clinton were brought together because they are modernizing old industrial parties and they have a similarity just from the task they have taken on. They both went through a searing political experience, which creates an instinctive affinity."

Mr. Blumenthal said, "I was struck shortly after the election of Bill Clinton as president and after meeting Tony Blair, who was then virtually an unknown political figure, by the similarity in political perspective and saw that if there were to be a new special relationship, it would have to be on the basis of this broadly shared viewpoint."

The American sympathizers were joined by British expatriates in their concern that the Labour Party was still seen by many Americans as being in the grip of striking British unions. To change this perception, Gordon Brown, now chancellor of the Exchequer, regularly traveled across the Atlantic to meet with think tanks and other policy wonks.

CLINTON: *Extending Veto Power*

Continued from Page 1

by Harold Simmons of Dallas, a leading Republican contributor. A congressional study estimated that this provision would have cost $84 million over five years because other companies not intended to profit would have been eligible for the tax break.

• Allowed U.S.-based insurance companies, banks and investment firms to defer taxes from some overseas income. This provision, sponsored by Mr. Lott, would have cost an estimated $94 million over five years.

Court challenges to one or more of the vetoes are expected. Opponents of the line-item veto, including some prominent Democrats, maintain that it shifts power from Congress to the president in ways not intended by the framers of the U.S. Constitution.

Mr. Clinton, however, said Monday that he thought the principle was well entrenched in law. Forty-three state governors have such veto powers, as he had when he was governor of Arkansas. Mr. Clinton said he saw no constitutional argument against the veto power so long as the legislature had the power to override.

Congress, under the veto law, can pass measures to reverse the vetoes by simple majority. But the president can veto those measures, requiring a two-thirds majority to override.

DEAL: *Winterthur Acquired*

Continued from Page 1

particularly as the increasing importance of so-called derivative securities makes financial markets more complicated.

Richard Fisher, chairman of Morgan Stanley's executive committee, said in June that the financial industry would see some "staggeringly unexpected" mergers in coming years.

"The high end of the insurance businesses and investment banking are both doing similar things: pricing long-term risk," he said.

Michael Pearson, publisher of Strategy Report, a review of global corporate activity, said: "The main logic for these sort of transactions is selling the insurance products through the branch networks to the customers at the banks.

"Most of the big banks would like to invest more in retail activities, be that banking or insurance. The question is finding the right target at the right price."

Winterthur, Switzerland's second-largest insurance company, would remain autonomous and keep its own name. Winterthur shareholders would receive 7.3 Credit Suisse shares for every Winterthur share.

The offer, based on Credit Suisse's closing price Friday of 208.50, amounts to 1,522 Swiss francs for each Winterthur share — a premium of 7 francs a share over Winterthur's Friday close.

On Monday, Winterthur's shares fell 18 francs to close at 1,497. Credit Suisse shares fell 3.50 to 205.

Analysts generally applauded the deal and said it should gain shareholder approval. "Strategically, this makes a lot of sense," said Daniel Hunziker, who manages 1.9 billion francs in assets at Union Bank of Switzerland. "The question is how much Credit Suisse will gain from the acquisition and how quickly it achieves that."

Credit Suisse said it planned to cut a maximum of 500 jobs at the enlarged company after the acquisition.

Credit Suisse also announced that its first-half profit rose 70 percent, to 1.4 billion francs, largely because of buoyant financial markets, domestic restructuring and a weaker Swiss franc.

(AP, Reuters, Bloomberg, AFP)

ATHENS: *Subway Project Unnerves Archaeologists*

Continued from Page 1

"Everyone knows Athens needs a metro," said Jutta Stroszeck, director of the German Archaeological Institute in Athens, which has been responsible for excavations at the Kerameikos cemetery since 1913. Miss Stroszeck noted that most of the most famous carved reliefs in the Kerameikos cemetery — including those in the Street of Tombs — had already been moved to museums, and substituted with plaster cast copies.

But the removal of some of the carved reliefs does not diminish the archaeologists' concern for the integrity of the site itself — the tombs, the walls, the stones, everything that has made the cemetery an important clue in the discovery of Athens' past.

The original subway route beneath the cemetery would have run under the Sacred Gate and the walls of the ancient city, beneath the bed of the tiny Eridanos River. That plan raised such a storm of opposition that Attiko Metro last year agreed on a second route that cuts across only one corner of the ancient cemetery site. But that corner happens to be directly beneath the Street of Tombs, an area lined by tomb-terraces topped with important pieces of classical funerary art.

No matter how much Attiko Metro planners insist that the new route will cause no damage to the monuments above ground, archaeologists remain unconvinced, and opposed.

"The vibrations could crack and damage antiquities, damage that you can not repair," Miss Stroszeck said. "You can not replace antiquities."

As part of its concession to archaeologists, Attiko Metro agreed to start with a test tunnel, which will be about three meters wide and 15 meters deep, and will advance cautiously at the rate of about one meter a day.

But opponents of the plan are certain that the test tunnel will soon become the real thing.

For their part, Attiko Metro officials say that in this case, as in others, they have bent over backward to accommodate the concerns and wishes of the Central Archaeological Council, a group of experts appointed by the government, which has advised them at every step of the way. When the first Kerameikos route was proposed, the council approved it, noted Theodore Weigle Jr., an American consultant from Bechtel Corp., who is the Attiko Metro's chief executive.

"We have a clear history of giving the archaeologists what they want," Mr. Weigle said.

MONTSERRAT: *Engulfed in a Tide of Ash and Gas*

Continued from Page 1

Friday morning's eruption, preceded by an official warning siren a couple of hours earlier, brought residents into the street and all other activity to a halt as they waited to see what would happen.

Minutes after the initial explosion, the island was plunged into darkness, cars and trucks began slipping and sliding on roads coated with ash, and people headed home as if through a winter blizzard, their faces covered with surgical or gas masks and their hair coated a ghostly white.

"There's no way to get on with anything in these conditions," said Thomas Farrell, a farmer who has twice had to abandon residences in the exclusion zone south of here because of volcanic eruptions and who moved with his wife into a shelter last week. "Do we stay or do we go? We'd like to be done with it, one way or the other, bang or no bang."

Such concerns are not idle in a region where many islands are of volcanic origin. When Mount Pelee in the nearby French territory of Martinique last erupted in 1902, it killed an estimated 30,000 people.

Volcanic ash from the Soufriere Hills volcano has rained down on islands as far away as St. Thomas, in the Virgin Islands. But Jill Norton, an English volcanologist who is the deputy chief of the Montserrat Volcano Observatory, said there was no way to provide the assurances that people are seeking. While eruptions "have been gradually increasing in intensity," she said, there is always the possibility that the volcano could shift its pattern and suddenly stop erupting, as it did Saturday, when a predicted "large event" failed to materialize.

"It's anybody's guess, really," she said. "The only thing we can say is that with many volcanoes, there is a pattern of five or six years of eruption before they go dormant again."

Before the volcano erupted on July 18, 1995, tourism was the backbone of the economy here. But once Plymouth and its harbor were evacuated, cruise ships stopped calling.

And with the airport in the off-limits zone since June, many mountainside villas buried under ash and the last hotel that had still been functioning now closed, many people are without a livelihood.

At the moment, the entire southern half of this pear-shaped, 39-square-mile island is officially off limits, and residents who attempt to venture into the exclusion zone are subject to arrest.

BRIEFLY

Verdict Is Expected In Murder Trial

DUBAI — A verdict in the trial of two British nurses accused of killing an Australian colleague in Saudi Arabia is expected in a week, sources close to the case said Monday.

If Deborah Parry and Lucille McLauchlan are found guilty of any charge, the case would go through an elaborate appeals system in the kingdom, which applies strict Islamic laws, including beheading by the sword for murderers, drug smugglers and rapists.

The women say they are innocent and they have withdrawn confessions that they said they were forced to sign. *(Reuters)*

Iraq Aide Asks EU To Help on Trade

MADRID — Tariq Aziz, deputy prime minister of Iraq, urged the European Union on Monday to put pressure on the United Nations to lift trade sanctions imposed after Iraq's invasion of Kuwait.

"Europe must help us lift the international embargo," he said to the Spanish newspaper El Pais. "We have always maintained excellent relations with European countries and we want to resume them."

Mr. Aziz criticized the U.S. and British delegations for what he described as interference and obstruction of efforts to lift sanctions. "The problem is that two nations, the U.S. and U.K., benefit from the blockade," he said. "Lifting it would damage them." *(Reuters)*

Yemen Near Deal With Saudi Arabia

JIDDA — Yemen and Saudi Arabia are nearing agreement on demarcating their border, a source of dispute for more than 60 years, the two countries said Monday.

"We hope to reach a positive solution soon," said the Yemeni interior minister, Hussein Arab, at the end of a three-day visit, during which he meet his Saudi counterpart and the defense minister. *(AFP)*

Mexicans Seize Drugs on Ship

MEXICO CITY — The Mexican authorities seized more than a ton of cocaine from a German ship and detained 14 crewmen, including seven Germans, for questioning, the government said Monday.

The attorney general's office said police and military personnel raided the container ship near the west coast port of Manzanillo on Saturday and found drugs in boxes of books. It said the haul of 1.14 metric tons of cocaine was one of the biggest this year. *(Reuters)*

Tourist Boat in Paris Hits Bridge; 27 Hurt

Compiled by Our Staff From Dispatches

PARIS — Twenty-seven people were injured Monday, one of them seriously, when a tourist boat on the Seine hit a bridge in central Paris, officials said.

The vessel, "Le Parisis," rammed a pillar of the Pont Royal, opposite the Louvre, as it tried to turn round.

The boat, which has a capacity of 553 passengers, was able to return to its base at the Pont Neuf.

"Le Parisis" is the property of the Vedettes du Pont-Neuf tourist boat company, which said the accident was caused by a failure of the electronic steering.

The boat struck an arch of the bridge before the captain had time to correct the move, a spokesman for the boat company said. Then it went back on course and made its way back to its dock near the Pont Neuf, not far from Notre Dame.

No one fell into the water, and most of the injuries were light. It was a rare accident for the popular sightseeing boats — known as *bateaux mouches* — that ply the Seine day and night.

"I was facing the other way," said Audrey Haughton of Oxfordshire, England. "And then, nothing, black. I just felt knocked out. I hit my head on the railing."

Mrs. Haughton's husband was carried out by paramedics, apparently the one person seriously injured. *(AFP, AP)*

Crew Will Leave Mir To Check Out Damage

The Associated Press

MOSCOW — The five crewmen on the Russian spaceship Mir prepared Monday for a busy week that will see the departure of two Russians from the old crew.

The two newly arrived Russians and Michael Foale, an American staying on from the former crew, are scheduled to use another spacecraft to take a look at damage to the Mir's hull caused by a collision six weeks ago.

The activity will set the stage for vital repairs, planned for Aug. 20, aimed at restoring the Mir to almost full electrical power.

The new crew members, Anatoli Solovyov and Pavel Vinogradov, familiarized themselves with the equipment on the units of the 120-ton scientific outpost in space.

The two departing Russians, Vasili Tsibliyev and Alexander Lazutkin, acted as guides.

Mr. Tsibliyev and Mr. Lazutkin are to return to Earth aboard one of two Soyuz spacecraft now attached to the Mir space station.

On Friday, the two new crewmen and Mr. Foale will board the other Soyuz. They then are to disconnect from Mir and fly around the space station to inspect the outer surfaces, including the Spektr science module that was punctured in the collision with a cargo ship.

During their inspection, which is to last less than an hour, the Mir will be unmanned.

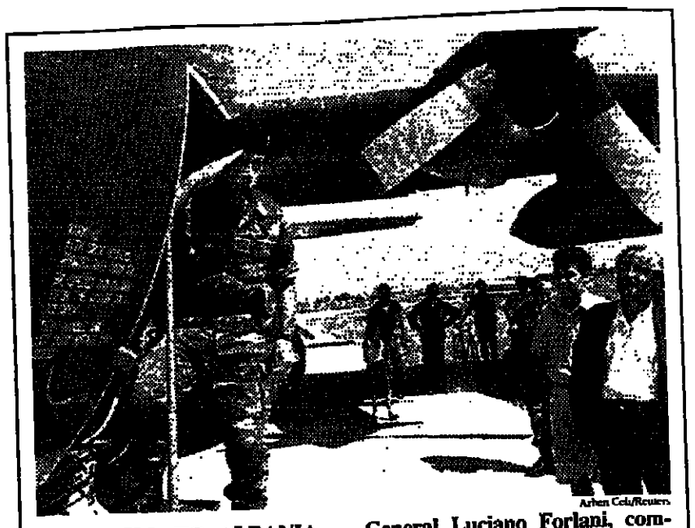
All three members of the crew must be in the Soyuz capsule during the mission because no one is ever left on the 11-year-old Mir anymore without a means of escape.

Meanwhile, Mr. Solovyov and Mr. Vinogradov were briefed Monday on the spaceship's temperature-control system, which leaked antifreeze last spring.

The temperature system has been fixed, but both of Mir's oxygen generators have malfunctioned, forcing the crew to rely on oxygen canisters.

The canisters can be dangerous — one ignited in February and caused a serious fire.

One canister a day is need for each member of the crew, Mr. Lyndin said. There are enough canisters to last for more than two months, according to space officials.



Arben Celi/Reuters

FAREWELL TO ALBANIA — General Luciano Forlani, commander of the UN Multinational Protection Force in Albania, saluting Monday before leaving by plane. He withdrew with the last troops.

There are plans to restart one of the oxygen generators soon. If successful, this would remove the need for the canisters.

Mr. Solovyov is to put on a spacesuit and squeeze into the damaged Spektr module in nine days and reconnect power cables linking solar panels to the station's main power system.

He will have to make the connections in a dark and airless module littered with waste from ruined scientific experiments.

The cables were swiftly disconnected moments after the June collision so that the crew could close the hatch to isolate Spektr, which was losing air rapidly through the puncture.

Cypriots Gather Warily On Healing 1974 Split

The Associated Press

GLION, Switzerland — As a new round of talks between Greek and Turkish Cypriot leaders opened Monday, the United Nations mediator warned against hopes of rapid progress toward reuniting the island, divided since 1974.

Diego Cordovez, the special adviser on Cyprus, said the meeting would focus on legal and institutional texts rather than actual problems, such as achieving a withdrawal of Turkish troops from the occupied north of the island.

"We're not expecting them to solve the problem now," Mr. Cordovez said to reporters in front of a hotel in this mountain village.

"In the past, they started from zero and ended with zero trying to get to 100. Now we are starting to move one point at a time to 20, to 30, to 40, to 90, and then we'll reach 100."

The meeting between the Greek Cypriot president, Glavkos Klerides, and Rauf Denktash, leader of the breakaway Turkish Cypriot state, is to last about five days.

The United Nations hopes to forge agreement eventually on some sort of federation linking the two communities. Cyprus was forcibly divided in July 1974, when Turkish troops invaded to protect the Turkish minority after a coup by Cypriots who supported a union with Greece.

The Turkish Cypriot state is recognized only by Turkey.

The talks in Glion, a village overlooking the lakeside town of Montreux, are a follow-up to the first direct meeting between the two leaders in three years last month in an upstate New York hotel.

The rivals shook hands for the cameras at a photo session in a dining room.

But Greek Cypriot anger over their rivals' recent moves to closer integration with Turkey, and Turkish fears about the Cypriot government's drive to join the European Union distracted participants from the views of Lake Geneva and the Alps.

Mr. Klerides, who heads a government that is effectively Greek Cypriot, accused the Turkish side last week of trying to torpedo the meeting here by signing an integration agreement with Turkey.

The Ankara government denied Monday that the deal was a hurdle to progress.

Kohl Aide Rules Out Shake-Up for Cabinet

Reuters

BONN — Chancellor Helmut Kohl tried Monday to quash speculation that he was about to dismiss some ministers in his government to improve his re-election prospects.

Reacting to a surprise call by Finance Minister Theo Waigel to shuffle the cabinet, a government spokesman said Mr. Kohl had no plans to replace any of his ministers.

"A reshuffle is not under consideration at the moment," said Herbert Schmuelling, the spokesman. Mr. Kohl is on vacation in Austria.

The denial failed to quell the sudden revival of speculation that the chancellor would shake up his 17-member cabinet before the elections that are due in September 1998.

Commentators said a shake-up was overdue and could reverse the government's steep slide in opinion polls.

With his plan for tax reform foiled by the opposition Social Democrats and the economy growing too slowly to bring down Germany's record unemployment, analysts said Mr. Kohl had little else he could do to raise his popularity.

"Kohl has to act now," said a Munich newspaper, Sueddeutsche Zeitung. "He should thank Waigel because without any fresh faces in the cabinet, even members of Kohl's Christian Democrats believe the next election will be extremely hard to win."

The Christian Democrats would win just 37 percent of the vote today, down five points from the 1994 election, according to an Emnid Institute poll.

The poll said the Social Democrats would win 38 percent, up two points from 1994.

Mr. Waigel said in weekend interviews that Mr. Kohl should replace several ministers before the 1998 campaign.

Suggesting that some ministers were just trying to hang on to their jobs until the election, Mr. Waigel urged Mr. Kohl to drop any who were tiring well before the campaign started.

"If there is a minister or two wanting to leave but eager to hang on until the election, one should tell him, 'Comrade, it would be nice, but we have to form our new team now,'" he said.

Ruediger Moniac, a columnist for the newspaper Die Welt, said Mr. Waigel would, under normal circumstances, have proffered the advice in a private conversation with the chancellor. "Or was it the other way around?" wrote Mr. Moniac, questioning whether Mr. Kohl had instructed Mr. Waigel to speak out.

BRIEFLY

Paris Girds for the Pope's Visit

PARIS — Paris will mobilize about 7,000 police officers to assure order when Pope John Paul II visits France on Aug. 21-24, the Paris police chief said Monday.

Philippe Massoni said that there had been no threats against the Roman Catholic leader, whose visit has already incited protests from critics of his strict anti-abortion stand. Mr. Massoni said security forces would include both normal police and riot police, 208 soldiers, anti-terrorist commandos and bomb disposal experts.

Church organizers of the visit expect up to 650,000 people to attend a Mass that the Pope will celebrate in the Bois de Boulogne in western Paris on the final day of his stay.

About 250,000 pilgrims were expected to arrive in Paris to take part in the World Youth Days the Church is running at the same time as the papal visit. *(Reuters)*

Turkey Arrests Charity Aides

ANKARA — The Turkish police arrested three officials of a charitable foundation linked to the Islamic-oriented Welfare Party as part of a legal investigation, Anatolian news agency said Monday.

The agency said the three National Youth Foundation officials had been arrested in Nevsehir province following searches of the organization's premises. the police seized videotapes featuring Islamist politicians and "illegal" religious books at the offices. *(Reuters)*

Aid Workers Held in Chechnya

MOSCOW — Four French aid workers who disappeared this month in southern Russia have been kidnapped and are being held in breakaway Chechnya, a regional security official said Monday.

The four French citizens, who were connected with the humanitarian group EquiLibre, disappeared Aug. 2 in Makhachkala, the capital of Dagestan, a republic just east of Chechnya.

The chief of the Dagestani security council, Magomed Tolboyev, said Monday that he had contacted the kidnappers, but they refused to negotiate with him, the ITAR-Tass news agency reported. Mr. Tolboyev said that the four were being held in Chechnya. His statement was the first official comment shedding some light on their fate. *(AP)*

Berlin Wall Needs Protecting

BERLIN — Archivists, artists and politicians called Monday for a concerted effort to protect the last remaining fragments of the Berlin Wall from property developers, trophy hunters and the weather.

The barricade, erected on Aug. 13, 1961, split the city for nearly 30 years until the collapse of communism in 1989, a year before unification. It was then quickly torn down and has now almost disappeared. *(Reuters)*

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THE WORLD'S DAILY NEWSPAPER

ASEAN Opts For Continued Mediation In Cambodia

By Michael Richardson
International Herald Tribune

SINGAPORE — The Association of South East Asian Nations decided Monday to continue its efforts to mediate an end to Cambodia's political conflict, saying it was ready to arrange talks between the warring parties to help restore stability.

Foreign ministers of the group, at a special meeting in Singapore, sought to keep diplomatic pressure on Cambodia's strongman and second prime minister, Hun Sen, by continuing an indefinite delay on the country's membership of the group.

The timing of Cambodia's entry into Asean "depends on developments from now on" said Domingo Siazon Jr., the Philippines' foreign minister, who chaired the meeting.

Yet, in a move that appeared to indicate ASEAN accepted the recent restructuring of Cambodia's coalition government by Mr. Hun Sen and his supporters, the ministers failed to reaffirm a statement they made last month recognizing Prince Norodom Ranariddh as the country's first prime minister.

Seeking to play down the shift, Ali Alatas, the Indonesian foreign minister, said after the meeting that ASEAN regarded Prince Ranariddh as "a very important factor in the continuing efforts to restore political stability in Cambodia."

In the culmination of a long power struggle, the prince was ousted last month as first prime minister by Mr. Hun Sen's forces.

Saeed Khan/Agence France-Presse

PROTEST — Police in Islamabad, Pakistan, charging women who gathered Monday outside the Interior Ministry on behalf of ex-Prime Minister Benazir Bhutto and her political secretary, who faces fraud charges.

Cambodia's National Assembly voted last week to replace the prince by Mr. Ung Huot, a dissident royalist whose appointment Mr. Hun Sen approved.

In a joint statement, the ASEAN foreign ministers said that the question of recognizing Mr. Ung Huot as Cambodia's first prime minister did not arise "because ASEAN member states recognize states not governments."

ASEAN's politically divers members include Brunei, Burma, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Analysts said that the group's carefully worded decision Monday reflected divisions over how to handle the Cambodian problem.

They said it also reflected ASEAN's concern that it must do nothing to inflame a complex and potentially volatile situation by appearing to take sides or interfere in Cambodia's internal affairs.

A warning, shortly before the group met in Singapore, by Cambodia's widely respected constitutional monarch, King Norodom Sihanouk, that he was ready to abdicate only served to emphasize the fragility of a constitutional and political structure put in place by the international community in the early 1990s after years of fighting in the country, followed by five years of Khmer Rouge tyranny and a Vietnamese invasion.

Prince Ranariddh said Monday that the king's abdication move was an expression of his disapproval of Mr. Hun Sen's seizure of power.

Mr. Hun Sen, Mr. Ung Huot and Cambodia's acting head of state, Chea Sim, are due to meet King Sihanouk on Tuesday in Beijing, where he is undergoing medical treatment.

ASEAN's three Cambodian mediators — the foreign ministers of the Philippines, Indonesia and Thailand — reported to other members of the group Monday on their recent talks with Mr. Hun Sen in Phnom Penh.

In their joint statement, the ASEAN ministers "stressed the importance of holding free and fair elections in Cambodia as scheduled in May 1998."

They also "reaffirmed the necessity for all political parties in Cambodia to participate fully in the elections and reiterated ASEAN's readiness to help Cambodia with technical cooperation in facilitating these elections."

Mr. Siazon said after the meeting that *although elections were important, it* was also important for the people of Cambodia to have peace, political stability and a functioning administration.

Cambodia Monarch Says He Is 'Ready to Abdicate'

Letter Comes on Eve of Meeting Hun Sen

Compiled by Our Staff From Dispatches

BEIJING — King Norodom Sihanouk warned Monday that he was ready to abdicate as he prepared to meet Hun Sen, the Cambodian strongman who is in Beijing seeking a royal blessing for his new administration.

The monarch further tangled the Cambodian crisis in a letter released on the eve of a meeting with Hun Sen and his new co-prime minister, Ung Huot, who has been named in place of the king's son, Prince Norodom Ranariddh.

Analysts said the 74-year-old king's statement could be a ploy to gain influence in the battle for control of the country. King Sihanouk issued a separate statement saying he planned to return to Cambodia "soon."

But Hun Sen's troops kept up pressure on the final royalist bastion in the north of Cambodia and a meeting of the foreign ministers of the Association of South East Asian Nations did not reach a decision on whether to recognize the new Phnom Penh leadership.

The king, meanwhile, said he was "ready to abdicate" if asked by Hun Sen during Tuesday's audience. A letter of abdication "has already been written," he wrote in an open letter.

"But, I am waiting for Hun Sen, our 'strongman,' to let me know indirectly, by the appropriate words and gestures, that I can abdicate without risking being criticized by him or being accused of creating additional difficulties for the country and the people," he said.

If King Sihanouk were to step down, his successor would be chosen by a crown council. Although Prince Ranariddh is his eldest son he would not automatically take the throne.

But the king — who has frequently offered to abdicate in the past — also indicated he would soon return home, leaving unclear his motives for the seemingly contradictory announcements.

A statement sent to Phnom Penh said he and Queen Norodom Moneath would return home to attend a Buddhist prayer for peace.

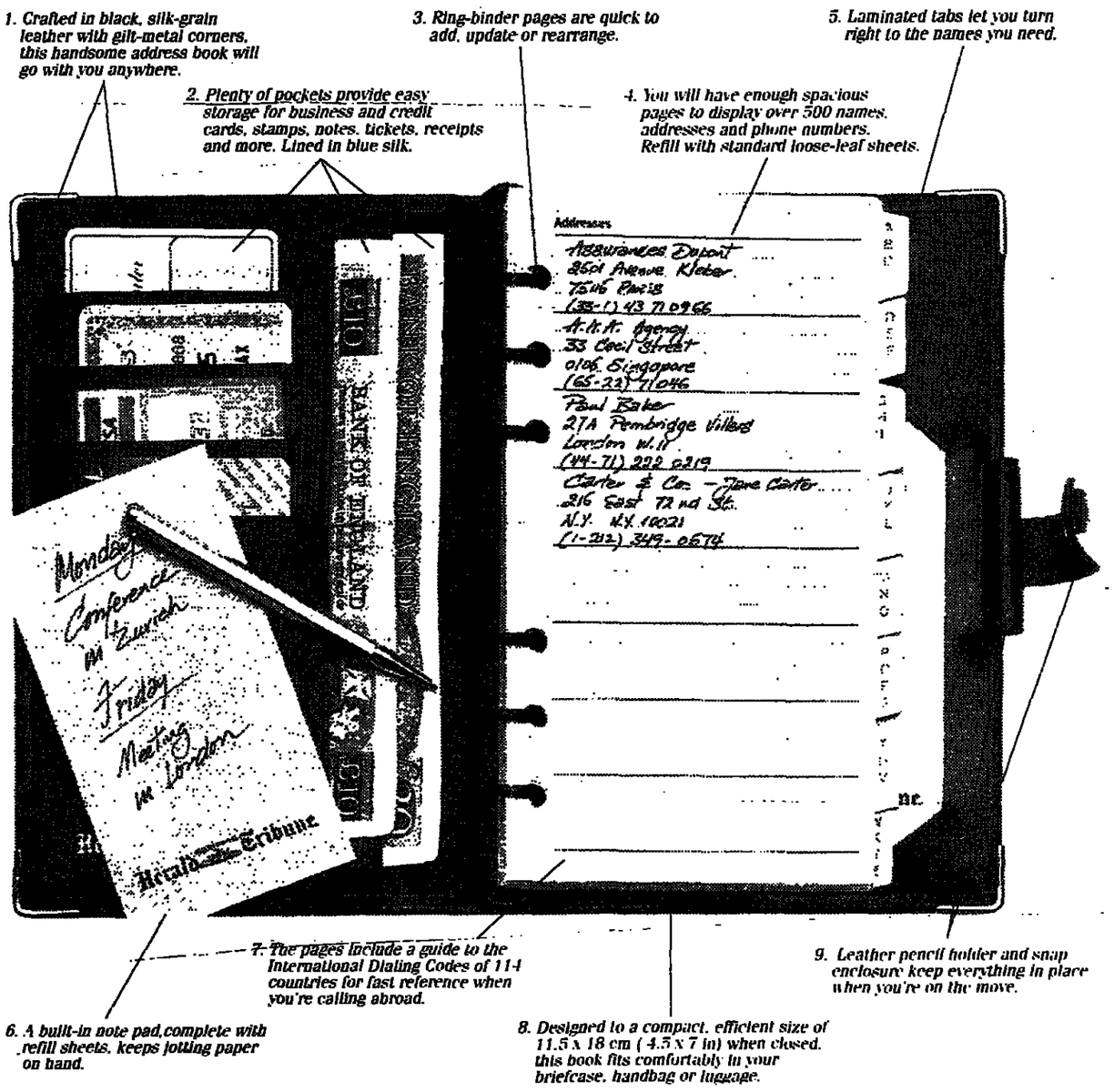
King Sihanouk, who is in Beijing for medical treatment, will meet the two prime ministers and the acting head of state, Chea Sim, at the head of a delegation seeking a symbolic blessing for the new political order in Phnom Penh.

Hun Sen ousted the prince following bloody street battles in Phnom Penh in early July. The king, the exiled opposition and the United States have all criticized Prince Ranariddh's removal as undemocratic. King Sihanouk on Saturday denounced Ung Huot as a "puppet" of Hun Sen, but said he was powerless to change the political situation.

Prince Ranariddh criticized Hun Sen for what he characterized as pushing Cambodia into instability and toward the brink of civil war.

"We are stepping into an era of great instability if not a civil war, so I understand very well the feeling and stance of my father His Majesty the King when he is talking about the possibility of abdicating," he told reporters in Bangkok.

Cambodian and Thai sources said Hun Sen's armies were poised to attack the last town held by troops loyal to Prince Ranariddh, who was in Thailand seeking support. The prince said "political and military resistance will continue," but, "I fear that governments and states are not very concerned about Cambodia." *(AFP, Reuters)*



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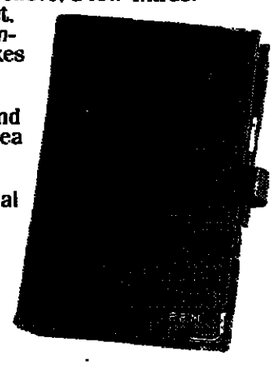

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THE WORLD'S DAILY NEWSPAPER

U.S. Envoy Meets Chinese Leaders In Beijing to Prepare for Summit

Reuters

BEIJING — The U.S. national security adviser, Samuel Berger, began meetings Monday with Chinese officials that are expected to focus on an approaching summit meeting of the presidents of the two largest Pacific Rim nations.

Mr. Berger began the talks in Beijing with Liu Huaqiu, director of the Foreign Affairs Office under China's State Council, or cabinet, at the Diaoyutai State Guesthouse, a Foreign Ministry official said.

The talks were scheduled to continue throughout the day.

Mr. Berger, who arrived Sunday, was expected to meet President Jiang Zemin on Tuesday at the seaside resort of Beidaihe, where China's leaders are gathered to decide policy and personnel changes for the next five years.

U.S. officials declined to give details of Mr. Berger's talks. He is slated to leave China on Wednesday.

Officials in Washington said the main goal of his trip was to discuss preparations for Mr. Jiang's state visit to the United States, which is planned for late October. That meeting is expected to set the seal on strengthening Chinese-U.S. ties, which have been battered in recent years by disputes ranging from trade and human rights to nuclear proliferation and Taiwan.

Mr. Jiang's meeting with President Bill Clinton will be the first state visit to the United States by a Chinese president since the Chinese Army crushed the student-led prodemocracy demonstrations in Beijing on June 3 and 4, 1989.

On Sunday, Mr. Jiang stressed the importance of Chinese-U.S. ties, saying he wanted to see China and the United States seize on a recent improvement in their rocky relationship as a foundation for healthy long-term contacts.

Mr. Jiang, in a meeting with Senator Strom Thurmond, Republican of South Carolina, said that the nations' relations had seen a "steady trend of improvement" this year.

"One can say that the United States and China now face a good opportunity for improving and developing relations," Mr. Jiang said.

BRIEFLY

Matsu Weatherman Immolates Himself

TAIPEI — A remorseful weatherman on the Taiwanese island of Matsu set fire to himself Monday, one day after 16 passengers and crew were killed when a plane crashed there in heavy rain, the police said.

Ouyang Kangyen, the weather observer at Matsu's airport who was responsible for deciding whether the runway should remain open, was found setting fire to himself in his office. "He suffered burns to about 70 percent of his body," Dr. Chen Tien-mu of Taipei's Tri Service General Hospital said. *(AFP)*

Police Again Seize Chinese Dissident

BEIJING — The police detained a veteran dissident, Jin Cheng, for the second time since he issued a call last week for public justice in the case of a disgraced Beijing leader, the activist's wife said.

Mr. Jin remained in custody more than 10 hours after he was seized Monday, the former official's wife, Liu Xiuli, said by telephone.

Mr. Jin last week sent an open letter to the head of China's National People's Congress calling for Chen Xitong, former chief of Beijing's Communist Party, to be punished for prompting a bloody crackdown on pro-democracy protests in 1989. *(Reuters)*

Train Bombed in India

GUWAHATI, India — Hundreds of passengers escaped unscathed Monday after a bomb derailed a train in the northeastern state of Assam, the police said.

The blast, in the Barpeta district, 150 kilometers north of Guwahati, the state capital, left a one-meter crater and destroyed a section of track. Seven railcars carrying 400 passengers were derailed.

The United Liberation Front of Assam was suspected of being behind the attack, the police said. None of the several militant separatist organizations fighting for their own homelands in Assam claimed responsibility for the attack. *(AFP)*

For the Record

Industrial accidents killed 6,117 people in China in the first five months of the year, an 8.6 percent drop over the same period of 1996. The number of accidents, at 5,737, also was down 12.8 percent, the official China Daily reported Monday. *(AP)*

Vietnam and Thailand signed a landmark treaty on the delineation of territorial waters, the Thai Embassy said Monday, the first such agreement between Vietnam and any of its neighbors. *(AFP)*

Enlu Sugia/Reuters

Members of Chinese families who are suing Japan arriving at Tokyo District Court.

Japan Sued for Germ Warfare

Reuters

TOKYO — More than 100 Chinese war victims and their families filed a lawsuit Monday demanding that the Japanese government apologize and pay compensation for germ warfare the Japanese Army conducted during World War II.

The 108 plaintiffs filed suit at the Tokyo District Court demanding that the government pay 1.08 billion yen ($9.3 million) in damages arising from plagues allegedly created by army scientists during the war.

VOICES From Asia

Mother Teresa, the Nobel laureate, recalling India's spiritual heritage as it nears its 50th year of independence: "Let us make sure that we never lose this deep spirit of prayer in our country. It must be our prayer that the people of India will be one heart, full of love in the heart of God." *(AFP)*

President Fidel Ramos of the Philippines, appealing to citizens to take a greater role in the fight against rampant crime: "Our citizens complain a lot about crime in our society. But not too many put their money where their mouths are." *(AFP)*

Style

TOMORROW: STAGE

Forget Chintz, This Year It's Provence

By Linda Hales

WASHINGTON — Back in the '80s, when Wall Street last hit its stride, Americans of means dressed their homes to look like an English aristocrat's crumbling country estate. They overcame a lack of centuries-old architecture by glazing walls, lavishing faded chintz on down-stuffed sofas, lining up instant collections of Chinese Export porcelain and allowing dogs everywhere (real ones on the floor, imitations on needlepoint pillows, china for the mantel and oil paintings on the walls).

Now, style-conscious Americans are transferring their gaze to sunnier climes; it is the French country house, not the drafty English one, that inspires awe and imitation.

Colorful Provencal cottons brighten suburban breakfast bars. Tract mansion bedrooms are plumped up with pillows of toile de Jouy. Televisions peek from 19th-century armoires converted to entertainment centers. Prized French limestone, ironwork and baskets are transforming the all-important family room into a cocoon of casual elegance.

"It reflects a shift we see in our lifestyles," says Sally McCormick McConnell, a founder of French Country Living, a furnishings store in the affluent Washington suburb of Great Falls, Virginia. "We have shifted, as Americans, away from using formal living and dining rooms, more into this sort of communal kitchen-family room space. That is so much more like a French farmhouse."

Market research tells her, she adds, that "the hunger for things of a French country nature is an untapped market that could reach $3 billion."

Good-bye tea and crumpets; hello *poulet roti*.

The swing of the style pendulum was hard to miss this spring, when two designer events coincidentally created a face-off between fans of George III and updated Louis XIV.

In New York, Mario Buatta, the popular anglophile designer long known as the Prince of Chintz, delivered a bravura of elegance at the Kips Bay Boys & Girls Club Decorator Show House, an annual display of couture-level interior design. His timeless pastel garden room was edged in tasseled silks and fit for a royal (as is his own dog-and-chintz-filled Manhattan apartment, spread over eight pages of the September Architectural Digest). But the buzz had moved on.

Two weeks earlier, the Parisian designer Jacques Grange had made a headline-grabbing debut at the mass-market furniture trade show in High Point, North Carolina. Grange, whose private clients include Princess Caroline of Monaco and Yves Saint Laurent, had been hired by John Widdicomb Co. of Grand Rapids, Michigan, to bring glamour to the American retail market.

> *'It reflects a shift in our lifestyles. The hunger for things of a French country nature is an untapped market that could reach $3 billion.'*

He showed off 28 updated classics, some with celebrity provenance, in an urbane salon-like setting. "Incredibly elegant, sophisticated and daring," came the verdict from House & Garden's editor, Dominique Browning.

But it wasn't just the curve of a chair leg that mesmerized trendspotters. Grange had made the salon of a French manor house or a Parisian apartment seem like the place to be. And he managed to deliver an essential lesson about French style: Mix periods as if you'd had the good fortune to inherit it all.

PIERRE Moulin, co-owner of Pierre Deux Antiques in New York, has been tempting well-heeled Americans with furniture from real French manor houses for 30 years. "The love of French culture is very prevalent on the West Coast," he reports — and in Atlanta and Dallas. "New York is an animal all its own. Boston is very English."

Moulin and a partner, Pierre LeVec, founded Pierre Deux furnishings stores, known widely as a source for authentic Provencal Souleiado fabrics. They sold out years ago. Now nine stores in locations from Madison Avenue in New York to Rodeo Drive in Beverly Hills are owned by Andre Cointreau and his wife. They have extended their definition of French style to the Loire Valley. "Louis XIII, Louis XV and Louis-Philippe have come back up," says Orna Menache, director of merchandising.

The high price of imported fabrics made them inaccessible to many Americans. But last year, Calico Corners, which sells fabric at bargain prices in 100 stores nationwide, decided to spread the holiday mood with made-in-America "Provence" cottons. No matter that they carry names like "Reims," "Lausanne" and "Mulhouse." With prices of $12.99 a yard, compared with $50 to $80 for imports, the company expects to sell a large quantity this year. By comparison, sales of "Chelsea Gardens," its collection of ersatz English florals, are wilting in the vase.

French stylists worry that their American clients love the stuff too much. Jeanne-Aelie Desparmet Hart, a French interior designer working in Larchmont, New York, says, "If I see one more Souleiado tablecloth, I will not be able to eat from it." McConnell's research puts the overall U.S. market for home furnishings at more than $64 billion in a prospering economy. Small wonder that new players are seeking entree.

The couturier Christian Lacroix flew to New York earlier this year to introduce his carnation-strewn china and upmarket cotton damasks for Christofle. The former Chanel model Ines de la Fressange would like to charm New Yorkers with crayon-colored furnishings inspired by her Normandy weekend house, the subject of a 1993 spread in Elle Decor magazine.

But no visitor has been greeted with more style-industry ink than Grange. Introduced to Vanity Fair readers in 1995 as "The Artist of Living Well," he has been featured in House & Garden, House Beautiful and W magazines.

In summer, Grange retreats to a *mas* in Saint-Remy-de-Provence. His class on style will resume in October, when he decorates the salon of a New York mansion as part of the American Hospital of Paris French Designer Show House. The house, at 49 East 67th Street, opens to the public for a month on Oct. 16. The same day, Grange's second collection for Widdicomb will be unveiled at the fall market in High Point. Among new treasures will be a cherry wood credenza with a price that would hardly make a dent in a Wall Street bonus: about $11,000.

Whether the buying public embraces Grange's salon style will soon become clear. His furniture will arrive in stores this fall. Either way, Widdicomb stands to win. It has produced Buatta's Georgian-inspired styles for years.

The next French style moment may occur when the Microsoft magnate Bill Gates moves into his lakefront mansion near Seattle, under construction for seven years at costs reported in the tens of millions of dollars.

Gates employed the versatile and romantic French architect Thierry Despont, leaving observers to speculate on whether the interior will glitter like the Statue of Liberty, which Despont's firm restored for the Bicentennial in 1976, or revive the 18th century as Despont has done at decorative arts galleries in the new J. Paul Getty Museum in Santa Monica, California.

Perhaps Despont will propel Gates to a zone of his own. At a French Designer Showhouse several years ago, Despont was inspired by the poet Rimbaud. He furnished a dark brown room with a few eccentric furnishings including a giant winged bathtub and declared, "It is as if the wind of poetry had shattered a room." On another occasion, he painted a room black, installed a huge round vanity mirror at the far end and called the place "Camera Obscura."

IT may be just this kind of intellectualizing that has kept Americans on the edge of true French style. The French often say their best rooms are atmospheric rather than correct, not so much decoration as personal expression. Elegance is achieved through simplicity, discretion, a touch of eccentricity and respect for history.

Mark Finkenstaedt

Jacques Grange with his furniture at High Point, North Carolina.

"The French method can lead to a wonderfully personal space or be a license for chaos," warns Celeste Cooper, an interior designer for Repertoire in Boston, who follows French design trends closely.

McConnell, who will launch a French Country Living direct-mail catalogue next month, believes that Americans are becoming more comfortable with the risks. "We're more confident, we travel more than we did," she says. "I think this is a process of becoming more sophisticated over time."

Moulin cautions, "The Americans, when they do something, they do it all the way. When they do a kitchen, they buy every possible gadget, and very often they don't even cook." The same applies concerning decorating, he says. "The tendency is to have too much."

At the high end, at least, no one need worry about having too much of a good thing for long. French antiques are growing scarcer. "Certain pieces are not to be found in France or here," says Moulin. "Right now, we don't find the quality and quantity that we were used to five years ago. Prices are going higher."

Wall Street barons who find themselves priced out of the market could let the pendulum swing back to, say, a country house in Dorset. There should be plenty of room this August, with the English flocking to France.

Linda Hales is home and design editor of The Washington Post.

Museum Hosts a Japanese Tea Ceremony

By Paula Deitz

WASHINGTON — By the 16th century in Japan, practices had been established for the preparation and drinking of tea in accordance with Zen Buddhist tradition. In Zen thinking, the ritual heightened awareness of beauty in the simple and imperfect objects of daily life.

In the ceremony, the tea master boiled the water, whisked the powdered green tea in bowls and served guests in formal movements. Afterward, the guests paused to admire the craftsmanship of the bowls, the tea caddy and the water jar at the master's side.

Visitors are doing something similar these days at the Freer Gallery of Art, which has mounted "An Invitation to Tea," a small but exquisite exhibition of utensils for a tea service.

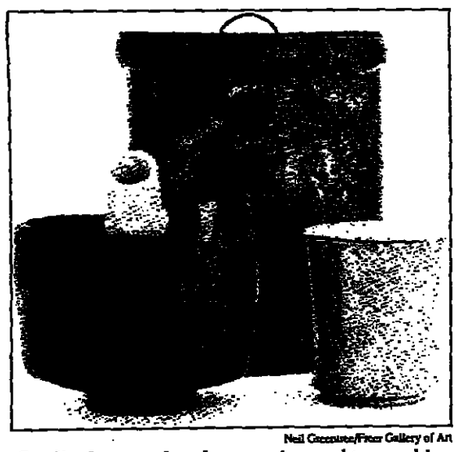
Today, even the collecting of such utensils takes on ritual-like aspects. As in a table setting for a dinner party, unexpected objects pressed into service to perform ordinary functions sometimes add zest to the array.

One tea master, serving friends at his house in Kyoto at a "Moon After the Rain" tea, used a common water container found at a market in the Philippines.

"Before museums existed in Japan, the serving of tea was the unique occasion for a public display of utensils so that private collectors, always in competition, would invite friends to tea as soon as a special utensil was acquired," said Louise Cort, the ceramics curator at the Freer.

Today in Japan, museums like the Nezu Institute of Fine Art and the Hatakeyama Collection in Tokyo are devoted to the display of tea utensils. Records have been kept of important teas; an exhibit at the Hatakeyama once recreated an Imperial outing at cherry blossom time simply by an arrangement of tea utensils.

When the Freer completed renovations in 1993, it created in its Japanese section an intimate gallery whose orange-brown walls recall the rustic huts favored for ritual teas. Though there is no entrance garden to clear the mind of earthly pursuits, the refreshing sounds of the Freer's nearby courtyard fountain are more than an adequate substitute.



Neil Greentree/Freer Gallery of Art

On display: tea bowl, water jar and tea caddy.

To make the selection and arrangement of these utensils, an art form called "toriawase" in Japanese, the Freer invited Dick Danziger and his wife, Peggy, of New York, to be guest curators for the show. The Danzigers, active collectors and users of tea utensils, rummaged through the stores of the Freer, seeking out unusual objects from different Asian countries.

The 25 objects on display come from Japan, Korea, China, Turkey and Vietnam, reflecting the kind of international trade that flourished in the 16th century.

Danziger said that many of the objects, in fact, were not originally made for serving tea. "As a parallel to the Japanese love for verbal puns," he said, "we discovered many visual puns in the objects themselves, which were not always what they seemed to be."

Here, an ancient Chinese bronze finial for a chariot pole serves as the customary hanging vase for flowers, and a tea caddy that looks like ceramic Takatori ware is actually lacquered.

The Danzigers have arranged the gallery to represent the stages of serving tea, in effect making guests of its viewers. In place of the scroll traditionally hung in the display alcove of a teahouse, the Danzigers chose a decorative wooden panel from the Edo period showing a phoenix alighting on a tree peony. Below it stands a cinnabar lacquer basin, which would be filled with moist cloths to refresh the guest. Nearby is a celadon Korean ewer for pouring saki into a Chinese cup, whose crackled glaze produces a tactile sensation. There is also an inkstone in its box and a brush, in case a guest wished to begin by writing a poem.

FOR the centerpiece of the show, the Danzigers chose their favorite water jar, tea caddy and bowl and displayed them in a way that suggested the Zen ideal of balance and harmony. The jar, a tall vessel with an artificial patina modeled after Chinese bronze objects of the Zhou dynasty, is both substantial and rugged next to the delicate tea caddy, which is in the style of Koryo celadon ware, with inlaid slips depicting flying birds.

Finally, there is a Rakuware tea bowl; its black glaze with traces of red and its irregular surface make a stunning contrast to bright green tea, in the same way that the darkened bark of a tree after rain stands out against green leaves. Next to this arrangement is a tea scoop and a tea whisk of bamboo, resting on a folded green napkin, the color of tea.

Viewers are encouraged to practice the art of toriawase by arranging in their imaginations the remaining, exquisite objects in the show.

Paula Deitz, co-editor of the Hudson Review, wrote this for The New York Times.

Bra Straps Go Public

By Constance C.R. White
New York Times Service

NEW YORK — Decorum in dress has beat a hasty retreat from summer fashion. The most ubiquitous trend on the streets is bra straps deliberately and coquettishly on display.

When temperatures soared in July, teenagers and young women throughout New York City all had the same idea: a provocative show of a lingerie strap beneath a little halter, a tank top or a bare slip dress.

And being high profile is no reason to keep one's bra straps under wraps, either. On this month's cover of GQ magazine, the actress Mira Sorvino bares them under a tight black sweater, and the latest CK Calvin Klein advertisements feature Kate Moss outing her straps.

As with any fashion convergence, several agitators are behind this rude look. While this particular emphasis on the bra is new, we have in fact been looking at bra straps now for at least five years. This is yet another step in the evolution of innerwear to outerwear, which took giant leaps forward when inner-city kids and rappers began making fashion by showing the waistband of their underpants and Madonna declared underwear a part of her stage wardrobe.

Designers like Dolce & Gabbana, Miuccia Prada and, more recently, Helmut Lang and Jean Colonna have pushed the idea of clothing with thin straps and adjustable slides like those traditionally used in lingerie. The slip dress, courtesy of John Galliano, marches on, seemingly indefatigable.

Colonna's collections of the last four seasons stand as a virtual opus to the noir life, complete with hanging bra straps, tousled hair and the waist of panty hose riding up above the waist of a skirt — a style that could be a natural follow-up this fall to the summer's exposed bra strap.

CHESS

By Robert Byrne

AGAINST 4 a3 in the Queen's Indian Defense, which avoids a pin that can come up after 4 Nc3 Bb4, Kasparov picked the most aggressive assault on the white center, 4...c5, and after 5 d5 Ba6 6 Qc2 ed 7 cd, he had a type of Benoni formation.

Kasparov's 18...Ndf6!? had to be calculated astutely because the e4 knight was now out on a limb. After 19 g4 Qd7!? 20 g5 Nh5, Gelfand could have tried 21 Re4 Re4 22 Qe4 Re8 23 Nc5, yet after 23...Re4!? 24 Nd7 Nf4 25 Nf6 Bf6 26 gf h6, he would shortly drop his f6 pawn, have the looser pawn position and the worse piece play in the endgame.

The nice conception behind Kasparov's yielding up his bishop pair with 23...Bc3! was that after 24 bc Rb1 25 Rb1, the black pieces controlled the best real estate.

After 26 Nd2, if Kasparov had seized a pawn with 26...Bd5, then 27 Rd1 Re6 28 Ne4 Be4 29 Be4 fe 30 Qb3 Kg7 31 Qd5 would retrieve it with the better game.

Kasparov's 27...f4! explained why he did not worry about Gelfand's bishops; the one on h2 was now locked out of play. Gelfand could not blast it loose with 28 Bf4? because the fork, 28...Qf5, wins a piece.

After 28...Re5, Gelfand could not have found counterplay with 29 Re5 de 30 d6 because 30...Kf8! prevents the vital 31 Bd5 and thus prepares 31...Ng7 and 32...Nf5 to win the d6 pawn. His 29 Re4, however, lost a pawn to 29...Re4 30 Be4 Qh3, the point being that the threat of 31...Qf1 mate paralyzes White, especially since 32 Bf4 Qg4 33 Bg3 Qe4 wins a piece.

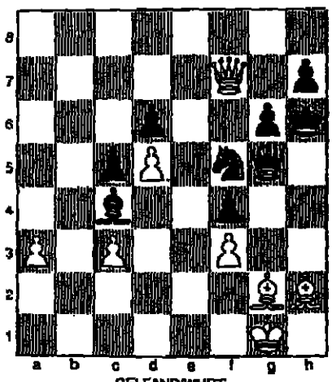
Gelfand's 37 Qf7 did stop 37...Ne3? by the lethal 38 Bf4, but Kasparov unloaded a killer with 37...Bf1!

It would have done Gelfand little good to try 38 Bf4 because 38...Qf4 39 Bf1 (39 Kf1 drops the queen to 39...Ne3) Qg3 40 Kh1 Ne3 wins the hapless bishop.

Kasparov's chilling 39...Qh4! 40 40 Ke2 Qh2 picked up one bishop and trapped the other.

After 41 Kd3, he denied Gelfand the remotest chance to fight with 41...Nf5! the bishop could not escape because 42 Bf1 Qf2 43 Be2 Qe3 does the trick. Gelfand gave up.

KASPAROV/BLACK



GELFAND/WHITE

Position after 37 Qf7

QUEEN'S INDIAN DEFENSE

White Gelfand	Black Kasp'ov	White Gelfand	Black Kasp'ov
1 d4	Nf6	22 Nc3	Rab8
2 c4	e6	23 Rab1	Bc3
3 Nf3	b6	24 bc	Rb1
4 a3	c5	25 Rb1	Bc4
5 d5	Ba6	26 Nd2	Nd2
6 Qc2	ed	27 Qd2	f4
7 cd	g6	28 Re1	Re5
8 Nc3	Bg7	29 Re4	Re4
9 g3	0-0	30 Be4	Qh3
10 Bg2	d6	31 Bg2	Qg4
11 0-0	Re8	32 Qe1	Ng7
12 Re1	Nbd7	33 f3	Qg6
13 h3	b5	34 Qb1	Nf5
14 e4	Qc8	35 Qb8	Kg7
15 Bf4	b4	36 Qa7	Kh6
16 Na4	b3	37 Qf7	Bf1
17 Qb3	Ne4	38 Kf1	Ne3
18 Qc2	Ndf6	39 Ke1	Qh4
19 g4	Qd7	40 Ke2	Qh2
20 g5	Nh5	41 Kd3	Nf5
21 Bh2	f5	42 Resigns	

BOOKS

THE SUBTLE KNIFE

By Philip Pullman. 326 pages. $20. Knopf.

Reviewed by Michael Dirda

IN 1995 Philip Pullman brought out "The Golden Compass," arguably the best juvenile fantasy novel of the past 20 years. In due course, the book went on to win the Carnegie Medal (Britain's equivalent to the Newbery Award), the Guardian Fiction Prize, and a host of other honors. It deserved them all.

We are talking about a novel that can be mentioned in the same breath as such classics as Madeleine L'Engle's "A Wrinkle in Time," Philippa Pearce's "Tom's Midnight Garden," and Alan Garner's "The Owl Service." Actually, Pullman's book is more sheerly, breathtakingly, all-stops-out thrilling than any of them.

Best of all, "The Golden Compass" makes up the first part of a trilogy, suggestively, even ominously titled "His Dark Materials." For the past two years readers have waited with desperate eagerness for its second installment. Could Pullman keep up the level of narrative excitement?

After daemon-companions and armored bears, after gypsies, lost explorers, witches and balloonists, after the consummately evil Mrs. Coulter and the fearless overreacher Lord Asriel, after the horrible Oblation Board and the enigmatic Rusakov Particles, after a journey to the far North and the opening of a passage into another world, after all these, what could possibly come next? Surely, the man's imagination would flag.

Not a bit. "The Subtle Knife" turns out to be — hurrah! — just as quick-moving and unputdownable as its predecessor. Moreover, it builds on the gaslight romantic adventure of the first novel and prepares us for a concluding volume of almost inconceivable cosmological grandeur: War in Heaven.

It is, however, a dark book, replete with mystery, horror and heroic self-sacrifice. Moral questions and complexities abound. To whom does one owe loyalty? Can good result from evil acts? How can we tell right from wrong? Not least, in its pages Lyra Belacqua discovers that her destiny lies deeply intertwined with that of an indomitable boy named Will.

In "The Golden Compass" Pullman created an alternative, late 19th-century Earth, one in which everybody possesses his or her own totemic animal called a daemon. These daemons are visible and, in certain respects, represent the outward embodiment of a person's soul. In this slightly skewed, yet still familiar world the government is in the hands of a militant church, named the Magisterium, which feels increasingly threatened by recent discoveries about the nature of the universe.

In particular, the powerful and rebellious Lord Asriel has been researching an invisible substance called Dust that, for some reason, seems to collect around adults but not children. Then one day Lyra Belacqua's friend Roger is kidnapped by a shadowy organization called the Oblation Board, and the fearless 12-year-old girl goes to the rescue. As she fights her way north, Lyra realizes that her earth is on the verge of some cataclysmic change. But she never suspects how important her own role will be.

At the very end of "The Golden Compass" Lyra and her daemon cross through a newly formed astral portal. As "The Subtle Knife" opens our heroine finds herself in "a beautiful city on the sea, empty and silent and safe" — or so it seems.

Meanwhile, in contemporary England, young Will Parry worries about the strangers who keep harassing his mentally ill mother, asking insistent questions about his long-missing father, the polar explorer John Parry. When the men return at night and begin ransacking the house, Will accidentally kills one of them. As he flees into the darkness, the boy grabs a leather case containing his father's last letters home. They eventually reveal that John Parry was searching for something he referred to only as "the anomaly."

HOPING to trace his father's whereabouts, Will makes his way to Oxford and there stumbles across his own anomaly — a window into another world. (He owes its discovery to a cat — a neat homage to Lewis Carroll's "Through the Looking-Glass.") Passing through this opening, Will finds himself in the deserted Italianate port of Cittagazze, where he meets the lost Lyra.

Pullman conveys all this in clean, evocative prose, keeping the action moving at a fast clip, occasionally adding feather-light allusions to "Hamlet," Icelandic sagas, "Paradise Lost," and all kinds of folklore: The name Asriel, for instance, echoes that of Azrael, the angel of death. As a writer he can describe with equal vividness the particle research of an Oxford physics lab and the spooky artifacts of the Pitt Rivers ethnological museum.

As "The Subtle Knife" progresses, as both the good and evil converge on the haunted world of Cittagazze, the mysteries deepen and the wonders grow ever more extravagant. Psychic vampires called Specters feed on the unlucky; Dust and "dark matter" turn out to be the same.

Let me end with three bits of advice:

1) You really should read "The Golden Compass" before "The Subtle Knife";

2) If you are an adult, don't underestimate or dismiss Pullman's books because they are marketed as young adult novels: You enjoy "The Hobbit" and the Narnia Chronicles, don't you?;

3) You will undoubtedly devour "The Golden Compass" in a fury: Slow down for "The Subtle Knife." Make it last. After all, you'll probably need to wait two years or more to learn what happens to Will and Lyra and Lord Asriel and Serafina Pekkala and Mrs. Coulter. At the very least, it's sure to be absolutely out of this world.

Michael Dirda is a writer and editor for The Washington Post Book World.

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America's UN Mess

Bill Richardson, the American representative to the United Nations, is bravely heading around the world to sell the American plan for budget and organizational reform. Fortunately, he has a few sweeteners; no doubt he wishes he had more.

One is the proposal to offer Germany and Japan plus three stand-ins for the less developed countries their own seats in the 15-member Security Council. They would not have the veto, but they would have voice and vote and a role in the elite international body. The council's expansion would have been valuable as a reflection of global change even had the United States taken a different, more generally pleasing approach to budget and reform. With the approach it took, expansion becomes a political sop as well.

Do Americans have any true sense of how the American reform plan rankles many other members? By this plan, sensitive matters which the United States had a treaty commitment to bargain out with the other 184 members were unilaterally imposed by Washington. Can you imagine how Americans would react if, say, Russia or China or Iraq or Iran, you name it, stood up and announced that on its own it was canceling a good slice of old arrears, cutting future dues and prescribing a new shrinkage of the organization's bureaucracy as though it was entirely one country's to command?

The administration's explanation for this method of unilateral dictation is that, given the political realities at home, this was "the best we can do." How would you like that as the new national slogan to offer to other countries, or to ourselves? The United States cannot expect to escape this episode without paying a price — in respect for our country and in the encouragement given others to be similarly arbitrary and unilateral.

It is argued that at this late date there is no feasible alternative to making the most of what the administration was able to extract from Congress. Such grumbling as there is in American political quarters has not translated itself into a capacity to revise the American plan. That makes it the more essential not to sink below the agreed shrunken level of financial commitment embodied in the plan, as yet could happen.

The reasons for support of the United Nations go far beyond sentiment. It is in fact more useful to Americans than to anyone else, since the United States is unique in the scope and diversity of its international interests, and the United Nations remains the organization with the broadest and most inclusive international reach.

— THE WASHINGTON POST.

Against Land Mines

Last spring the word was that if the Conference on Disarmament at Geneva did not show signs of producing an all-together-now consensus on an international ban on land mines, then the United States would review its policy and consider swinging its weight more to the simpler sign-up-one-at-a-time treaty being negotiated at Ottawa. This is now happening. No decision has been taken to embrace Ottawa, but American policy on land mines is described as under review at the highest level. Nearly 100 nations have already spoken up for a prompt comprehensive international ban on the production, use and transfer of these murderous devices. The United States could soon go on the list, and should.

Huge numbers of land mines already exist. They are cheap and easy to produce and have been set out and left lying, unmapped and unmarked, in dozens of countries. It will be the task of a generation or two to locate them (by other means, one hopes, than by innocents stepping on them) and to neutralize or destroy them. A ban on anti-personnel land mines does not reach effectively to these devices already seeded. Nor does it produce the technologies to render them dangerous no more. Nonetheless, it will be a significant day when no more land mines are produced, used and sold anywhere in the world. If we cannot easily deal with the terror that exists, we can try to keep it from getting worse.

For some years the United States favored the Geneva consensus approach. It was consistent with Pentagon plans to employ these weapons to protect exposed American troops, in Korea and Iraq, for instance. Geneva also provided a venue in which to engage the big exporters, among them Russia and China. But the wind has been changing. A drive is on by committed governments and citizen advocates to finish up the Canadian-hatched ban this year. Military voices have been prominent and strong in denying the military utility, necessity and irreplaceability of these weapons whose distinctive feature is that most of them are at once weapons in war and, since they stay in the ground, weapons in peace as well.

This is not a moment, with American troops in place and a negotiation pending, to send signals of uncertainty by jiggling the status of mines in Korea. But it is a moment for an otherwise asterisk-free repudiation of these horrible instruments. The Russians and Chinese and other laggards should take the heat for staying in this ugly trade.

— THE WASHINGTON POST.

Try to Repair the INS

Few students of America's immigration policy would contest the notion that the federal agency in charge of it has been a calamity. No organization could successfully seal the border, but the Immigration and Naturalization Service has proved exceptionally inept at its most essential tasks. It has done a poor job of keeping out illegal aliens, deporting criminals, processing requests for asylum, visas or citizenship in a reasonable amount of time and even maintaining basic courtesy in the district offices that serve legal immigrants.

The latest reform proposal comes from the U.S. Commission on Immigration Reform, a bipartisan advisory group appointed by Congress and the president in 1990. Word came last week that the commission intends to recommend abolition of the INS. That would likely just make the problems worse.

The commission proposes parceling out INS functions. The Labor Department would catch illegal aliens on the job. The Justice Department would patrol borders, catch and deport illegal aliens and prosecute smugglers. The State Department would take over all visa and naturalization services.

The commission is correct that the INS's dual job as policeman and social worker has ended up emphasizing police work to the detriment of serving legal immigrants. But that is only partly attributable to the influence of the agency's enforcement-minded culture. A better explanation for failure, particularly on the service side, is chronic underfunding. The service staff, whose clients are mostly powerless and scorned, lacks sufficient training to deal with them.

The State Department is not equipped for this sort of work, which would be largely inside the United States. In addition, service and enforcement officers must consult whenever a suspicious visa application appears and an investigation may be warranted. Poor coordination in such cases usually accounts for the entry of unqualified immigrants. Coordination would only worsen if enforcement and service responsibilities were in different departments.

Nor does moving workplace immigration checks to the Labor Department make sense. That would discourage sweatshop workers from reporting abuses, getting in the way of the Labor Department's primary objective of enforcing wage and safety standards.

The INS may not be as hopeless as many politicians and the public think. It is extremely troubled, but has improved under the leadership of Doris Meissner. Since her appointment in 1993, the budget has doubled to $3.1 billion, with most of the increase going to enforcement. The border is tighter, and the INS is deporting record numbers of criminal aliens.

On the service side, naturalizations are moving faster and so is the asylum process. Unfortunately, the district offices remain disastrously run. Still, given the overall improvements in recent years, it is too soon to give up on the INS. Changing the agency is not easy, but that path offers more hope than breaking it up.

— THE NEW YORK TIMES.

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Sound Chinese-U.S. Relations Do Have Results

By Jimmy Carter

ATLANTA — I spent the spring of 1949 in the seaports of China as a naval officer on my first submarine cruise. Nearly 30 years later, Deng Xiaoping and I normalized diplomatic relations between our countries.

We knew that even with this opening, decades of patience and persistence would be required before the bonds between our greatly different countries would be firm and predictable.

I consider sound Chinese-American relations, along with the importance of maintaining human rights as a foundation of foreign policy, to be legacies of my administration. The two goals are not incompatible, but can be reached only if we try to understand each other.

Americans have benefited from the unprecedented stability and prosperity in the Asia-Pacific region made possible by close ties among the United States, China and Japan. But the greatest beneficiaries have been the Chinese people, whose quality of life and human rights have improved enormously during the last two decades.

China and America continue to share many interests: maintaining peace and stability in the Asia-Pacific region, controlling weapons of mass destruction, preventing conflict on the Korean Peninsula and fostering open trade.

Many Americans and Chinese have lost sight of the original vision that brought us together. The accomplishments of a quarter century are at risk.

On my latest trip to China last month, I met President Jiang Zemin, Prime Minister Li Peng, the chairman of the National People's Congress, Qiao Shi, and other leaders. They expressed concern that American leaders were encouraging Japanese rearmament and extending Japan's defense perimeter to include Taiwan. They also deeply resent American sales of F-16 jet fighters and other weaponry to Taiwan.

We also discussed America's concerns, including the mounting trade deficit, human rights and particularly the treatment of the Tibetan people.

Mutual criticisms are proper and necessary, but should not be offered in an arrogant or self-righteous way, and each of us should acknowledge improvements made by the other.

Significant changes are taking place throughout China. There is no longer a single unquestioned government policy. Instead, top leaders have a wide range of opinions on such issues as the role of parliaments, expansion of the election process and privatization.

An increasingly free economic system has transformed the lives of the people. Farmers now retain profits on practically all crops planted on their land, and many villagers own their own businesses. Incomes and educational opportunities have risen sharply. Although congregations must still register with the government, membership in Christian churches is booming.

A 1987 law mandates elections in nearly a million villages. Citizens can choose among multiple candidates, including Communists, in a secret ballot, and many non-Communists have been chosen as village leaders.

Arbitrary power is still exercised by some political leaders, but progress is being made in promoting the rule of law. Some citizens are even bringing lawsuits against government agencies that violate their rights.

President Jiang's long-overdue state visit to Washington in October will provide an opportunity to address human rights and other issues.

American criticisms of China's human rights abuses are justified, but their basis is not well understood. Westerners emphasize personal freedoms, while a stable government and a unified nation are paramount to the Chinese. The result is excessive punishment of outspoken dissidents, and unwarranted domination of Tibetans.

But frank discussions on these and other issues can sometimes yield real progress. In private discussions in 1979, Deng Xiaoping agreed to address the issue of religious freedom, and great improvements were made.

In 1987, after a visit I made to Tibet, and after subsequent conversations with the exiled Dalai Lama, discussions were arranged between his emissaries and Chinese government officials. Unfortunately, the Tiananmen Square tragedy aborted the initiative.

Mr. Carter, the 39th president of the United States, is chairman of the nonprofit Carter Center. He contributed this comment to The New York Times.

Russian Airmen Snoop in American Skies and No One Frets

By Philip Taubman

NEW YORK — Colonel Mikhail Botvinko attracted little attention last month when he and several fellow Russian airmen flew a Soviet-era cargo jet across a large swath of the eastern United States, taking photographs of American military bases as they went.

The flight came more than four decades after it was first proposed, and followed the expenditure of billions of dollars by Washington and Moscow on other, more exotic ways to monitor each other's military forces. What would have been a great diplomatic breakthrough during the Cold War seemed this summer merely another symbol of changed times.

The flight brought full circle one of the most volatile and secret chapters of the Cold War, the effort to spy from the sky before the age of satellites.

During the 1950s the United States conducted dozens of clandestine reconnaissance flights near and over Soviet territory in an audacious and dangerous campaign to gauge the size and strength of Soviet forces. More than once the effort brought Soviet and American planes into combat.

Colonel Botvinko may not have realized that his mission was inspired by those flights. It came almost exactly 42 years after the day President Dwight Eisenhower, looking, in part, for a less explosive way to gather intelligence, surprised the Russians with a proposal to permit unrestricted access to the skies by American and Soviet military aircraft.

Eisenhower uncorked the idea in Geneva in July 1955 at a summit meeting with Soviet, British and French leaders. The plan, quickly dubbed the "Open Skies" proposal, seemed improbable. Cold War tensions were high. Washington and Moscow lived in fear of a surprise attack by the other side.

Nikita Khrushchev swatted down the Eisenhower plan, convinced that Washington's real intention was to gather targeting information for American long-range bombers.

Eisenhower's motivations were less threatening than Khrushchev thought. The unsealing of Cold War secrets in recent years suggests that Eisenhower's primary motivation was to reduce the danger of nuclear war. He hoped to pull Washington and Moscow back from highly combustible secret confrontations in the skies over and around the Soviet Union.

Several American aircraft flying along the border had been shot down, and a number of planes sent directly over Soviet military installations had been attacked.

The year before the Geneva meeting, Eisenhower had authorized urgent development of a new reconnaissance plane, the U-2, designed to fly above the range of Soviet air defenses. Flights over the Soviet Union by the U-2 were ended after one of the planes was shot down in 1960 and its pilot, Francis Gary Powers, was captured.

In proposing "Open Skies," Eisenhower was no doubt also seeking to command the high ground in world opinion by offering an idealistic proposal that Khrushchev would reject.

Some of Eisenhower's top military commanders, including Air Force General Curtis LeMay, advocated a preemptive American strike to disable Soviet forces if Moscow seemed on the verge of attacking the United States.

With the rejection of the Eisenhower proposal, Washington turned with increased intensity to aerial espionage.

Cargill Hall, an Air Force historian, reported this spring in The Quarterly Journal of Military History that during a seven-week period in early 1956 the U.S. Air Force flew almost daily missions over the northern reaches of the Soviet Union from a base in Greenland. In one especially provocative effort, six American planes flew for hours in formation across eastern Siberia in daylight.

The arrival of the space age brought spy satellites, which reduced the need for aerial reconnaissance. Today the United States and Russia operate fleets of sophisticated satellites that can transmit images of the earth and intercept communications.

The combination of that technology and the collapse of the Soviet Union made Eisenhower's idea less useful, and therefore more acceptable. In 1992, 27 nations, including America and Russia, signed the Open Skies Treaty.

If the Russian Parliament ever gets around to approving the treaty, American reconnaissance planes will routinely fly over Russian bases, and Colonel Botvinko and his colleagues will return over America to begin full-time work. Eisenhower and Khrushchev could scarcely have imagined it.

The New York Times.

Thailand's Incompetent Government Cries Out for Reforms

By Thitinan Pongsudhirak

BANGKOK — As Thailand negotiated in Tokyo on Monday with the International Monetary Fund, Japan and other potential creditors for a multibillion-dollar aid package to help shore up the once high-flying Thai economy, there were some serious political lessons to be learned.

External factors played a key role, but Thailand's road to economic catastrophe was largely paved by inept leadership, myopic planning, entrenched corruption and gross mismanagement at crucial junctures.

From 1985 to 1995, the Thai economy appeared to perform very impressively. The currency was devalued by 14.7 percent in November 1984 to ease a balance of payments crisis. It was then stabilized by pegging the baht to a basket of currencies dominated by the U.S. dollar.

So the economy was able, fortuitously, to get a major lift from the rapid rise in value of the yen against the dollar. Thailand's exports became cheaper and increased quickly. Foreign investment boomed, much of it from Japan. Both helped fuel economy's double-digit growth.

Then the authorities liberalized the economy to comply with international standards and enhance competitiveness. The stock market enjoyed a meteoric rise as economic growth prospects appeared to be unlimited.

Beneath the veneer of spectacular expansion, the economy was rotting from the inside. The stock market, one of the IMF's recommended ways of tapping domestic savings and attracting foreign investment, became a den of insider trading.

Thailand was spending much more than it earned. Some of the proceeds of its growth policy were siphoned off by politicians through concessions awarded for major projects to improve creaking infrastructure. Much of the rest went into speculative property development and luxury goods, such as French wine and German cars.

When exports nosedived and the economy started to slow in 1996, the previously hidden waste was exposed. A financial crisis followed, with capital flight and a large de facto devaluation. Thai leaders could have prevented that outcome.

As wages in Thailand rose while China, Vietnam and other countries offered investors cheaper labor, Thai exports were caught in a bind — neither cheap enough nor sophisticated enough to compete in world markets. This situation could have been corrected over time had it not been for the graft eating away at the financial system.

First, the insolvency of the Bangkok Bank of Commerce showed how a group of unscrupulous politicians connived with bank executives to get huge loans secured by questionable land deeds. Instead of taking tough measures, the central bank spent several billion dollars rescuing the BBC. None of those involved in that affair have been arrested and charged.

The Bank of Thailand began to lose independence and credibility after its governor gained direct benefits from a finance firm which wanted a seat on the stock exchange.

The coalition government of Prime Minister Chavalit Yongchaiyudh has proved a worse economic manager than its notoriously corrupt predecessor. As it bailed out more and more finance companies that had made dubious loans to real estate firms, the coalition defied critics and pretended that all was well, partly by trying to limit the flow of information.

Each delay in confronting the financial crisis, especially the futile battles in February and May to sustain the value of the baht, cost Thais dearly. When the authorities finally surrendered and decided to seek international assistance, the central bank had used some $10 billion to prop up the baht and another $15 billion to bail out 58 of the country's 91 finance firms.

The IMF-led bailout of Thailand illustrates how a developing economy trying to liberalize to accommodate international rules and attract capital can become dangerously vulnerable to global financial forces. Thai leaders needed investment inflows to finance continued growth, but they underestimated the power and predatory nature of international capital.

The example of Thailand shows that economic fortunes ultimately depend on sound political structures. Thailand's corrupt system — operated by an unholy alliance of politicians, businessmen, bureaucrats and others seemingly above the law — eventually undermined the growth facade.

All Thais can do now is to suffer the ensuing hardships and look forward to rectifying their political system by approving reforms that will give them a genuinely democratic constitution. If Mr. Chavalit's government fails to approve the draft constitution in Parliament, it may galvanize an already deeply disaffected people to revolt.

The writer, a lecturer in the Department of International Relations at Chulalongkorn University in Bangkok, contributed this comment to the International Herald Tribune.

American Century, Prolonged

By Richard Reeves

SAG HARBOR, New York — At a little distance from the action of the day in Washington, it is wonderfully amusing to watch senators express shock that China might try to influence American politics, or that anyone might question the notion that the Czech or Hungarian armies should be taken into NATO and led by Americans.

Our United States of America is now, right now, the most powerful nation the world has ever known. We are perfectly comfortable telling the Chinese and the Czechs and anyone else who will listen — and they must! — exactly how to run their politics, their government, their economy and their defense.

And, except for those few living in what we call "outlaw" nations (you know, Libya and people like that), the tribes are doing just about what they are told to do.

If they don't, we order them to hold our kind of elections, run our kind of economy and act like civilized human beings, or be arrested as war criminals or get hit with the big ones — NATO, ASEAN, the International Monetary Fund, the United Nations, the World Trade Organization, the World Bank.

"The American Century" was declared during World War II, appropriately by a media baron, Henry Luce, in one of his magazines, Life. He wanted us to beat up and put down the bad guys, and then turn the whole world into our schoolyard, teaching the oppressed and their oppressors to be like us, get with the program, democracy, free markets and all that.

When will the American Century end? Not by the year 2000. Forget that "pitiful giant" stuff.

The historian Ronald Steel was asked by The New York Times to ponder the "operational myths" of the day at the millenium. He included this one: "The United States will decline." He said:

"Who is to challenge us? Japan is dependent on imported resources and foreign markets. China is a demographic disaster ripe for a return to warlordism. India verges on explosion and anarchy. Brazil has forever been the country of tomorrow. Europe will never be more than a big and contentious shopping mall. Russia has always been a phantom giant ... The United States will remain No. 1 in the foreseeable future."

My neighbor down the street here, Betty Friedan, and I stayed up late into the other night talking about that, about what might bring the new American Empire down. The only thing we could think of was climatological change.

In a new book, "Promised Land, Crusader State," the historian Walter McDougall describes the irresistible American thrust into other people's business as "global meliorism," a mission to do good things. We are determined to save people whether they want to be saved or not.

He traces the urge back to at least 1819, when the American Board of Foreign Missions voted to evangelize the Sandwich Islands, which we now call Hawaii.

Congregationalists that year instructed their missionaries: "To aim at nothing short of covering those islands with fruitful fields and pleasant dwellings and schools and churches; of raising up the whole people to an elevated state of Christian civilization ... to turn them from their barbarous courses ... to introduce among them the arts and institutions and usages of civilization and society."

Compare that to Douglas MacArthur's charge to his men when he arrived to command the occupation of Japan:

"First, destroy the military power. Punish war criminals. Build the structure of representative government. Modernize the constitution. Hold free elections. Enfranchise the women. Release the political prisoners. Liberate the farmers. Establish a free labor movement. Encourage a free economy. Abolish police oppression. Develop a free and responsible press. Liberalize education. Decentralize political power. Separate church from state."

In other words, be like Americans. It pretty much happened that way, too.

Universal Press Syndicate.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Bulgarian Visit

LONDON — During his visit to London, Prince Ferdinand of Bulgaria had several conversations with leading statesmen and diplomatists. He was most anxious to discover how far the British Government would be prepared to go in the event of Bulgaria declaring her independence and proclaiming him king. The Prime Minister did everything he could to dissuade Prince Ferdinand from taking such a step.

1922: Living 150 Years

PARIS — "Can we live for 150 years?" Probably not, but there is some reason to think that our posterity may. Two things have stimulated the discussion of longevity lately and the means to attaining it. One is the fact that many more authenticated cases of extremely long life among contemporary men and women have been made known than in any similar period in the past; the other is the reported discovery of various therapeutic means of rejuvenation. Reputed to be the oldest man in the world, "Uncle Johnny" Shell died in Kentucky last month, at 134. Until the end he is said to have been in complete possession of his faculties.

1947: Iran's Princess

TEHRAN — Princess Ashraf Pahlavi, the Shah's twin sister and Iran's leading lady, is getting ready to leave for a two-month visit to America. "I want to travel around your cities," she said, "and familiarize myself with methods of social work." In foreign circles it is believed that the Shah's sister is most likely to use her influence on behalf of Iran's efforts to get elected as a member of the United Nations Economic and Social Council.

OPINION/LETTERS

India's Nationalism Embraces Diversity

By Shashi Tharoor

NEW YORK — A year ago, when India celebrated the 49th anniversary of its independence from British rule, H. D. Deve Gowda, then the prime minister, stood at the ramparts of New Delhi's 16th century Red Fort and delivered the traditional Independence Day address to the nation in Hindi, India's "national language."

Eight other prime ministers had done exactly the same 48 times before, but what was unusual this time was that Mr. Deve Gowda, a southerner from the state of Karnataka, spoke to the country in a language of which he scarcely knew a word.

Tradition and politics required a speech in Hindi, so he gave one. The words were written out for him in his native Kannada script, in which they made no sense.

Such an episode is almost inconceivable elsewhere. Only in India could a country be ruled by a man who does not understand its national language. Only in India, for that matter, is there a national language that half the population does not understand.

And only in India could this particular solution be found to enable the prime minister to address his people.

One of Indian cinema's finest singers, K. J. Yesudas, sang his way to the top of the Hindi music charts with lyrics in that language written in the Malayalam script for him. To see the same practice elevated to the prime ministerial address was a startling affirmation of Indian pluralism.

We are all minorities in India. A typical Indian — a Hindi-speaking Hindu man from the Gangetic plain state of Uttar Pradesh — might cherish the illusion that he represents the "majority community." But he does not.

As a Hindu he belongs to the faith adhered to by about 82 percent of the population, but a majority of the country does not speak Hindi, a majority does not hail from Uttar Pradesh, and if he were visiting, say, the state of Kerala, he would discover that a majority there is not even male.

Even his Hinduism is no guarantee of majorityhood, because his caste automatically places him in a minority as well.

If he is a Brahmin, 90 percent of his fellow Indians are not; if he is a Yadav (one of the intermediate castes), 85 percent of Indians are not, and so on.

Or take language. The constitution of India recognizes 17 languages today, but in fact there are 35 Indian languages, each spoken by more than a million people. And these are languages with their own scripts, grammatical structures and cultural assumptions.

No language enjoys majority status in India. Thanks in part to the popularity of Bombay's cinema, Hindi is understood, if not always well spoken, by nearly half the population of India, but it is in no sense the language of the majority.

Ethnicity further complicates the matter. Most of the time, an Indian's name immediately reveals where he is from and what his mother tongue is. When we introduce ourselves we are advertising our origins.

Despite some intermarriage among the elites in the cities, Indians still largely remain endogamous, and a Bengali is easily distinguished from a Punjabi.

Such differences among Indians often are stronger than what they may have in common. A Brahmin from Karnataka shares his Hindu faith with a Kurmi from Bihar, but the two diverge completely when it comes to physical appearance, dress, social customs, food, language and political objectives.

At the same time, a Tamil Hindu would feel that he has far more in common with a Tamil Christian or Muslim than with, say, a Jat from Haryana with whom he formally shares the Hindu religion.

So pluralism emerges from the very nature of the country. It is a choice made inevitable by India's geography, reaffirmed by its history and reflected in its ethnography.

Indian nationalism is a rare animal indeed. It is not based on language. It is not based on geography — the "natural" frontiers of India have been hacked by the partition of 1947. It is not based on ethnicity — Indian Bengalis and Punjabis, for instance, have more in common with Bangladeshis and Pakistanis than with other Indians.

And it is not based on religion. We are home to almost every faith known to mankind, and Hinduism — a religion without a national organization, established church or ecclesiastical hierarchy — exemplifies our diversity more than our common cultural heritage.

Indian nationalism is the nationalism of an idea.

This land imposes no narrow conformities on its citizens: you can be many things and one thing. You can be a good Muslim, a good Keralan and a good Indian all at once.

So the idea of India is of one land embracing many. It is the idea that a nation may accommodate differences of caste, creed, color, culture, cuisine, costume and custom, and still be a nation — so long as democracy ensures that none of these differences are decisive in determining an Indian's opportunities.

Our founding fathers wrote a constitution that gave passports to their ideals, but violent secessionism has plagued several border states, like Assam and Punjab, as some minority groups have sought to subtract themselves from the Indian ideal on religious, regional or ethnic grounds.

Some of these troubles continue, but in a land of minorities, no struggle affects all Indians. The power of electoral numbers has been able to lessen caste discrimination.

Indeed, last month, for the first time, an "untouchable" was elected president of India.

For the rest of the world, wary of the endless multiplication of sovereignties, hesitant before the clamor for self-determination echoing in a hundred different dialects, anxious about murderous new fundamentalisms and unconvinced that every subnationality is worthy of support, there may be something to be said for the Indian idea.

If the overwhelming majority of a people share the political will for unity, if they wear the dust of a shared history on their foreheads and the mud of an uncertain future on their feet, and if they realize they are better off living in Kozhikode or Kanpur dreaming the same dreams as those in Kolhapur or Kohima, a nation exists, celebrating diversity and freedom.

That is the India that has emerged in the last 50 years, and it is well worth celebrating.

Mr. Tharoor is the author of "The Great Indian Novel" and "India: From Midnight to the Millennium." He contributed this comment to The New York Times.

Worried About All Those Divorces? Tighten the Knot and Feel Better

By Ellen Goodman

BOSTON — By Aug. 15, any blushing bride and groom heading out for a marriage license in the Great State of Louisiana is going to face a choice. I don't mean a choice of spouse, since that decision is presumably over. I mean a choice of marriage.

Louisiana is about to become the first state in America that offers two distinct marriages. These are what the people thereabouts have

MEANWHILE

taken to calling "regular" or "high test." The options, however, may have less to do with the mileage than with the exit ramp.

Under the regular marriage, as it now exists almost everywhere, a married couple is entitled to a no-fault divorce after a six-month separation. But under the brand new high-test marriage or what's really called a covenant marriage, the divorce rules are more stringent. The couple would have to be separated two years or prove, for example, that one spouse was an adulterer or a felon or an abuser.

The theory behind the covenant marriage is a popular one. It's the idea that something has gone awry since the horse-and-buggy days when people got hitched for life. That today couples split as soon as the first bump takes off the first hubcap.

Tony Perkins, the Louisiana Republican who is state representative and author of the bill that passed with one lone dissent, compared marriage to buying a new car. In an analogy his wife must adore, he said: "Making those payments for the first 12 months aren't a problem. But you get into the third, fourth and fifth year of making those payments, the car, you know, is getting a little old and you're not so excited about making those payments."

Under this auto-marital theory, no-fault divorce makes it too easy to give up the car payments — or at least to trade them in for child support. So Louisiana is road-testing the belief that government can alter the rate at which marriage ends by altering the terms under which it begins.

I must confess that I am somewhat intrigued by this experiment.

The consumer reporter in my soul can't wait to see whether regular or high-test marriages handle differently on the highway of life.

The gossip columnist in my soul can't wait to see the couples at the registry facing a choice between what appears to be great or greater commitment.

But I have trouble with the underlying notion that the people who get divorced got married too casually. Four years ago, two psychologists from the University of Virginia asked about-to-be-weds about their perceptions and expectations of divorce. The couples knew the divorce rate was at 50 percent but assessed their own chance of divorce at zero percent.

The psychologists humorously named their paper, "When Every Relationship Is Above Average." But they were on to something. Few people vow "till death do us part" while thinking about getting out.

The covenant marriage mandates premarital counseling. But even Barbara Whitehead, the author of "The Divorce Culture," acknowledged ruefully: "It's impossible to get them to contemplate troubles, adversity, conflict, especially if it's their first marriage and they are fairly young. It's not a teachable moment."

I am not convinced that a covenant marriage will make a difference. The idea that a more stringent divorce law strengthens a marriage is wholly unproved.

Amy Wax, a law professor at the University of Virginia, said that there had been no sophisticated research about what she called "marital bargaining in the shadow of divorce." But even as an advocate for marriage, Ms. Wax worried that newlyweds would "bind themselves by more stringent terms and live to regret it when Dr. Jekyll turns into Mr. Hyde."

We don't have to get to Mr. Hyde before we see something odd here. Are we trying to shore up the institution of marriage by creating different classes of marriages?

In America we already have long-term cohabitation that becomes common-law marriage. We have new laws for domestic partnerships.

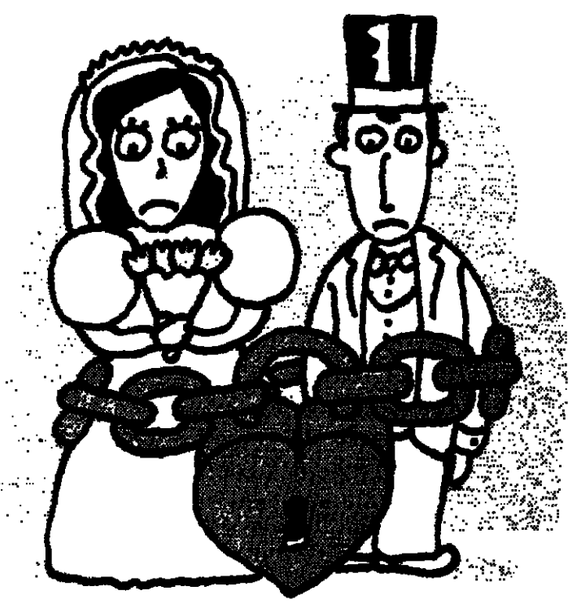
Are we actually downgrading "regular" by creating a premium product?

What does this say about marriage as an institution with a single set of rules and supports that we all know and accept? It says that Americans want both commitments and options — ties that bind and freedom of choice.

Is this a conflict for the law to resolve? At the moment, the Louisiana high-test marriage is only two years stricter than the regular one. If this doesn't keep people off the exit ramp, what comes next? Ten years? A "leaded" marriage?

For anyone getting a license in Louisiana, may I suggest that you keep both hands on the wheel.

The Boston Globe.



Stuart Goldenberg/IHT

LETTERS TO THE EDITOR

Shopping Freedom

Regarding "Heading for the 24-Hour Business Day" (July 21):

It seems that many Europeans remain united in one belief: The American way of life leaves much to be desired while the European way of life is vastly superior.

Before the implementation of new store hours here in Germany, I had never had the "pleasurable, social" shopping experience described by Anthony Calabria *(Letters, Aug. 7)*. I spent most of my time on Saturdays standing in line at the local supermarket or battling through crowded store aisles.

The new hours give consumers the option to do their shopping at the end of the workday, leaving them free on weekends to enjoy the high quality of life that Europeans so sanctimoniously point out is lacking in the United States.

Of course there are problems with the 24-hour business day, including an increasing number of part-time jobs that offer little pay and benefits. But isn't it possible to offer consumers all over Europe more flexibility, as is now being attempted in Germany? What Mr. Calabria fails to understand is that customer convenience is a large part of quality of life.

PAMELA KIRSCHT.
Hamburg.

It is common in Europe to disparage shopping hours in the United States, but I cannot understand why. Have you never come home from a long day at work only to find the larder empty and the grocery store closed? Have you never needed medicine for your child and found the pharmacy closed? Every day as the clock approaches the 6:30 P.M. store closing time, I worry, "What might be missing today that I might need?"

And there can be something almost magical about entering a vast, well-lit U.S. supermarket at 1 A.M.

WILLIAM J. LARSON.
Nyon, Switzerland.

Shopping hours are merely a reflection of an overregulated lifestyle on the Continent. Countries that don't provide consumers with extended shopping and banking hours are denying citizens the fundamental right to control their own lives.

JORG DIETZEL.
London.

On Military Secrets

Regarding "Military Lied About Nature of UFOs, CIA Reports" (Aug. 4):

How else would the military have concealed a secret program at a time when Americans were so terror-struck by the idea of a nuclear attack that they built underground shelters in their backyards?

BEROL ROBINSON.
Meudon, France.

Asia Not to Be Feared

Regarding "American Fear of the Rise of Asia Is Dangerous" (Opinion, July 24) by David J. Rothkopf:

Mr. Rothkopf is himself guilty of "scaremongering" (his own word).

First, he fails to remember that American apprehensions about the activities of China are caused by China's own actions, whether it is harsh repression in Tibet, arms and nuclear sales to Iran and Pakistan, military intimidation of Taiwan or the strangling of freedoms in Hong Kong and China itself.

Second, Mr. Rothkopf throws all of Asia on one big heap and pretends that the United States "fears the rise of Asia." Nothing could be further from the truth. Toward most other nations — aside from China and Taiwan — the United States has followed a balanced and nuanced policy.

U.S. policy toward China has — if anything — been too accommodating. A firmer position, maintained over a longer period, would have more positive results.

But U.S. policy toward Taiwan has been too standoffish. Taiwan has achieved a free and democratic political system and should be accepted as a new member of the international family of nations.

If the basic principles of democracy and self-determination enshrined in the United Nations Charter mean anything, the United States and other Western nations should help make it clear to China that the only way to resolve the problem would be to accept Taiwan as a friendly neighbor.

MEI-CHIN CHEN.
Chevy Chase, Maryland.

The writer is the editor of Taiwan Communiqué.

KCR
西鐵 West Rail

Qualification of Consultants
Detailed Design and Supervision Services

The Kowloon-Canton Railway Corporation (KCRC) intends to commence detailed design for Phase 1 of West Rail, a 30.5km, double-tracked, electrified railway system serving Hong Kong's Northwest New Territories providing passenger services, with a maintenance depot and 9 stations.

KCRC proposes to appoint qualified consultants to perform detailed design for the project for the following packages:

- DD-200 Yuen Long Section
- DD-210 Tuen Mun Section
- DD-300 Tsuen Wan Section
- DD-400 Sham Shui Po Section
- DD-600 West Rail Depot and Station

The work will include civil/structural, architectural, mechanical and electrical design services, and administration and supervision of the Works.

Consultants will be required to progress the design from a preliminary stage that is approximately 25% complete to a final design to allow construction of the Works. The Consultant will also be required to assist in the preparation of construction contract documentation.

More detailed descriptions of the work activities will be included in the Pre-qualification Questionnaire.

Requests for a Pre-qualification Questionnaire should be made on company letterhead by facsimile to the Kowloon-Canton Railway Corporation, Attention: Procurement Manager at (852) 2601-2671. Requests for questionnaires received by the Corporation after 22 August 1997 may be too late for consideration.

KCRC will, at its sole discretion, evaluate responses to the Pre-qualification Questionnaire. Those organisations which KCRC determines to be suitably qualified will be invited to tender.

No communications in response to this advertisement will be accepted by KCRC except by facsimile at the above noted facsimile number.

Interested firms are advised that this invitation of expression of interest is only for the Detailed Design, which is a necessary part of the planning process, and that the construction of Phase I of West Rail will be subject to the approval of the Hong Kong Special Administrative Region Government in around September 1998.

九廣鐵路公司
Kowloon-Canton Railway Corporation

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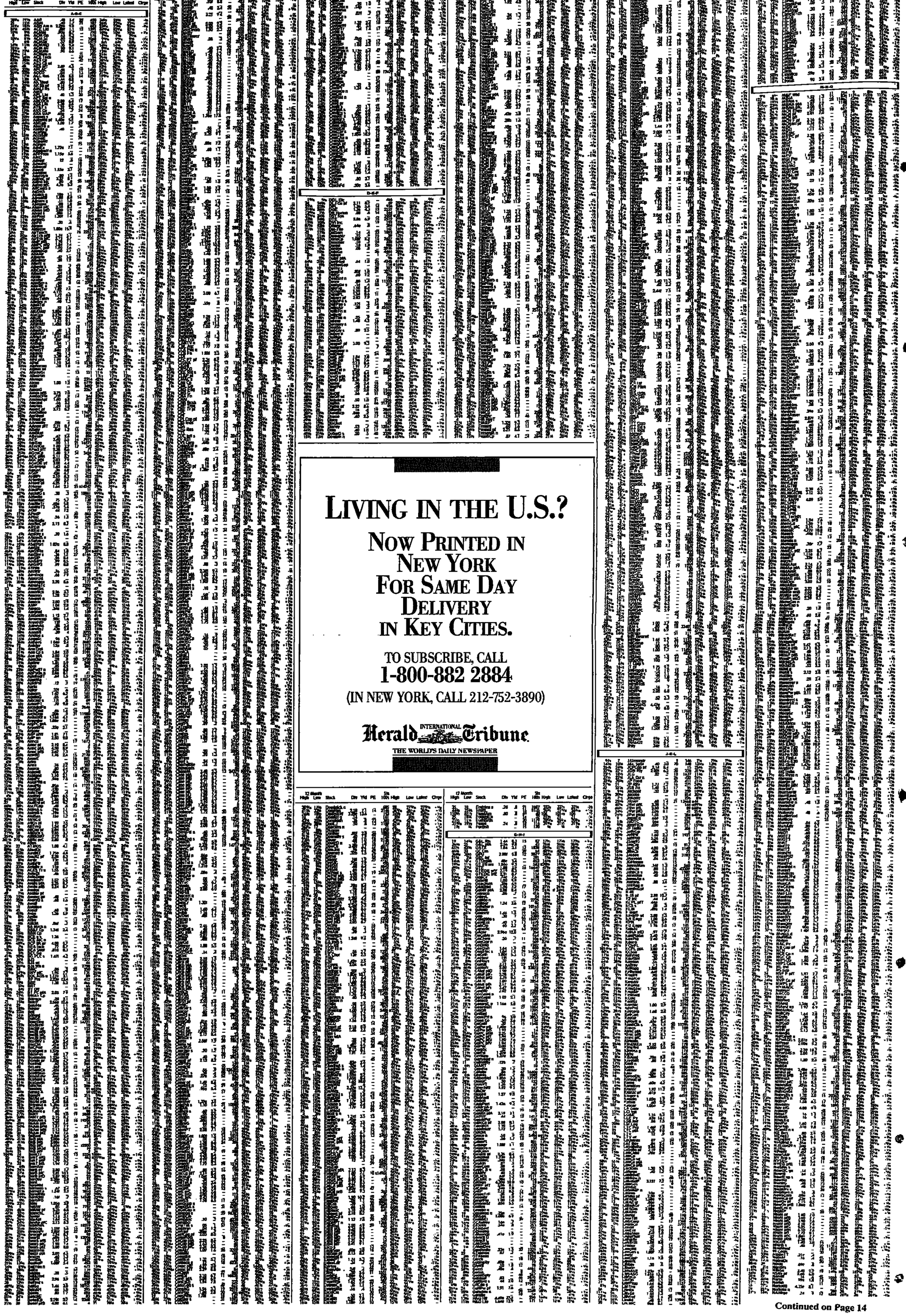

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Continued on Page 14

'Cubes' Vie With 'Caves' In Offices

Debate's Fault Line: Microsoft vs. Intel

By Steve Lohr
New York Times Service

NEW YORK — Bill Rouady, 32, a software programmer, speaks of his craft in the accepted vernacular of modern business. Teamwork, cooperation and shared knowledge, he explains, are essential ingredients of success.

This open style of work, insists Mr. Rouady, an employee of Netscape Communications Corp., is best done in an open setting — where workers are separated only by low partitions instead of being walled off behind closed doors in individual offices.

"The programming code we write has to work together seamlessly, so we should work together seamlessly as well," he said.

In corporate America as a whole, these are mainstream views. But in the high-technology world, from Silicon Valley to Seattle, Mr. Rouady's comments are fighting words. It is a contentious issue, with beliefs fervently held on both sides. Pick your workplace: open plan or enclosed office.

Phrasing the debate another way, it's cube vs. cave.

It is the issue that splits the computer industry's most powerful partnership, the so-called Wintel duopoly, named for Microsoft Corp.'s Windows software and Intel Corp.'s microchips.

Intel is unflinchingly cubist, a stance the company adopted shortly after its founding in 1968. Its open-plan layout was embraced in the name of teamwork and egalitarian values, as an explicit rejection of the old-line hierarchy associated with traditional corporations.

Intel has no executive dining rooms, no reserved parking places and no exceptions to the cubes-for-all policy. Because of growth, the crowding at the company's Santa Clara, California, headquarters has increased, so cube sizes have shrunk recently, including the one occupied by Andrew Grove, Intel's chairman and chief executive.

"It was done to maintain the consistency of egalitarian standards," said Patricia Murray, vice president for human resources. "If the rank-and-file has to do with less temporarily, so do the executives. There's no mahogany row at Intel."

Microsoft's corporate campus in suburban Seattle, on the other hand, is inhabited by unrepentant "cave" dwellers. The company's bias toward private offices stems from the belief of its founders, Bill Gates and Paul Allen, that software programmers work best in the solitude of individual offices.

"Every time we revisit the issue of having open-plan offices, it is roundly rejected," said Nick MacPhee, Microsoft's general manager of real estate and facilities. "The reaction borders between horror and hysteria."

Yet the open-plan office — ranging from Mr. Rouady's quirky digs, spanned by a replica of the Golden Gate Bridge built with soda cans, to the look-alike cubicles satirized in the cartoon strip Dilbert — continues to march through corporate America. An estimated 40 million Americans, nearly 60 percent of the white-collar work force, now work in cubes.

The cubist ranks are growing, according to surveys by the International Facility Management Association, a trade group for office planners and designers.

One of the bastions of closed-office culture, International Business Machines Corp., will fall next month when it opens its new headquarters in Armonk, New York, which is to be more than 90 percent open-plan.

There is some evidence of a softening of positions on both sides of the cave-cube divide. Eric Richert, director of workplace effectiveness at a private-

See CUBE, Page 15

Office Gossip: Which Is Better?

Is your office a "cube" in a large communal space or a "cave" that affords privacy? Proponents of each hold strong views about which is best-suited for doing business. Here are some arguments for each style.

CAVE		CUBE
Real work requires real thinking. And an office is the place to think.	Productivity	Offices are for wimps. Even Intel's Andy ("Only the Paranoid Survive") Grove works in a cube.
If you want to talk to someone, you can go find the person. Or try the phone or E-mail.	Communication	A real advantage for cubes. Just stand up and wave your hands to attract attention. Or shout.
An office and a door says you're someone special.	Status	Anybody who needs an office for status is pathetic.
We respect an individual's privacy.	Corporate Culture	We have a culture of trust and our workers actually like each other.
A person's office is his or her castle, as tasteful or tacky as its occupant.	Design	Workers must respect the sensibilities of others, but also allow for group design projects.
Great for gossiping and intimate conversations.	Socializing	Great for overhearing gossip fodder. It's the 90s: no intimate chat on company time.

NYT

11 Yamaichi Executives Resign

Tokyo Brokerage's Shares Up 13% After Step Tied to Payoffs

Compiled by Our Staff From Dispatches

TOKYO — The chairman, president and nine other senior executives of Yamaichi Securities, one of Japan's top brokerage houses, stepped down from their posts Monday over a scandal involving payoffs to a racketeer.

Shares of Japan's fourth biggest brokerage rose 13 percent after the move, which followed similar management shuffles at Dai-Ichi Kangyo Bank Ltd. and Nomura Securities Co., Japan's biggest brokerage.

All three companies are suspected of making illegal deals with Ryuichi Koike, who is in jail.

Yamaichi also said it would reshuffle and slim down its board of directors as part of a management overhaul in response to the scandal. The decisions were made at a special board meeting.

Despite their resignations, Yamaichi's chairman, Tsugio Yukihira; its president, Atsuo Miki, and the other executives will stay on as company advisers. Such moves are common at Japanese companies as a way of showing contrition for scandals.

Two senior managing directors were named to the top spots: Shoji Saotome replaces Mr. Yukihira as chairman, and Shohei Nozawa succeeds Mr. Miki as president.

"Our firm is determined to make a clean break with the negative legacy of the past," Mr. Nozawa said.

Yamaichi said in a statement that it felt "deeply responsible" for the loss of public trust in the company and intended to cooperate with investigators.

Yamaichi, considered the weakest of Japan's "Big Four" brokerages, is suspected of illegally funneling about $679,000 in 1995 to Mr. Koike to compensate him for trading losses.

Japanese corporate racketeers, called *sokaiya*, commonly buy stock in target companies and threaten to raise embarrassing questions if not paid off. Doing business with them is illegal but commonplace in Japan. Prosecutors raided homes of Yamaichi executives as well as the company's headquarters two weeks ago to seize evidence.

Last month, the Finance Ministry forced Nomura and Dai-Ichi Kangyo to close some of their most profitable divisions for five months — the harshest punishments ever handed down.

But analysts said that compared with a sweeping management shake-up announced by Nomura in late April, Yamaichi's moves did not impress.

The selection of senior managing directors, both 59, to replace the chairman and president "looks like the new management will only pursue strategies already decided by former leaders," said an analyst at a foreign securities house.

Even without the scandal, Yamaichi faces a hard time securing its position amid financial deregulation, including liberalization of commissions from stockbrokerage and the entry of commercial banks into the market.

In the April-June period, when corporate customers voluntarily suspended securities business with Nomura, Yamaichi failed to attract new customers and posted 5.43 billion yen ($47.2 million) in parent current losses. Yamaichi shares closed Monday in Tokyo at 259 yen, up 30. *(AP, Reuters, Bloomberg)*

U.S. Bid Lifts U.K. Car-Rental Firm

Compiled by Our Staff From Dispatches

LONDON — The American billionaire Wayne Huizenga made his first inroad into the European market Monday, agreeing to buy EuroDollar Holdings PLC for about £95.1 million ($150 million).

Mr. Huizenga's Republic Industries Inc. offered 190 pence a share for EuroDollar, the second-largest car-rental chain in Britain, a 60 percent premium to EuroDollar's closing price Friday. EuroDollar's shares jumped 69.5 pence to close at 188.

Mr. Huizenga, the former chairman of Blockbuster Video, who has bought about $3.4 billion of U.S. car-rental companies in the past year, promised more acquisitions overseas, where growth prospects are good. In Europe, for example, the market now yields only about $5 billion in annual sales, compared with $14 billion in the United States, because only about half as many European adults rent cars each year.

"EuroDollar is close to being the jewel in the crown as far as Europe is concerned," said Geoff Corbett, managing director of Republic's European car-rental division, now composed of the U.S.-based Alamo and National rental businesses. "It's a tremendous opportunity for us in terms of our global expansion into the car rental industry."

Mr. Corbett said that he saw no need for staff cuts or restructuring at EuroDollar.

"It's a very tightly managed, well-run company," he said. "Management is going to stay in place, and we don't see any surplus fat or cutting to be done in this organization."

Republic's offer comes almost five months after the Belgian car dealer d'Ieteren SA sold a minority stake in its Avis Europe PLC unit, the largest car-rental company in Europe and EuroDollar's principal rival in Britain.

"We'll see a kind of concentration, and only three or four big guys will survive," Gert de Mesure, an analyst with Delen & Co., said. "That's important — you spread your fixed costs over more volume, and margins can explode."

Avis Europe controls about 15 percent of the U.K. market, which has about £730 million in annual sales, while EuroDollar is close behind with 14 percent. EuroDollar operates 110 U.K. branches. It had sales of £107.4 million and profit before tax of £8.3 million in its latest financial year.

Mr. Huizenga invested in Republic, becoming chairman in 1995, the year after selling Blockbuster Entertainment Corp. to Viacom Inc. He had built Blockbuster into the largest chain of video-rental stores in the United States.

At Republic, Mr. Huizenga led a push into the auto-rental and sales industry, rapidly transforming a company once focused on the waste-management and security businesses into the largest U.S. new-car dealer and the nation's second-largest car-rental company. *(Reuters, Bloomberg)*

INTERNATIONAL STOCKS

Asian Phone Stocks Skid on U.S. Move

Bloomberg News

SINGAPORE — Shares of Asian telecommunications companies tumbled Monday after U.S. regulators approved a plan to slash the amount that American long-distance companies pay to complete telephone calls to other countries. The Federal Communications Commission's new call-completion rules, which it approved last week and which are to take effect Jan. 1, are likely to hit Asia's phone monopolies and quasi-monopolies hard. These companies have traditionally relied on inflated international rates to subsidize domestic calls and pay for the development of their phone networks.

Among Asia's biggest losers could be Indonesia's PT Indosat, Philippine Long Distance Telephone Co., India's Videsh Sachar Nigamin and Pakistan Telecom Corp. The ruling also is likely to "affect SingTel and all the other telecom companies," said Lucas Yeoh, a fund manager at Commerzbank Asset Management.

Shares of Singapore Telecommunications Ltd. fell 20 cents, or 7.4 percent, to close at 2.50 Singapore dollars ($1.69). PT Indosat, the larger of Indonesia's two international phone companies, fell 275 rupiah, or 3.7 percent, to 7,150 rupiah ($2.76), while PT Telkom, Indonesia's largest phone company, fell 175, or 4.55 percent, to 3,675. Telekom Malaysia Bhd.'s shares fell 3.33 percent, to 8.70 ringgit ($3.28), down 0.30.

Although U.S. regulators may have a difficult time forcing other governments and companies abroad to cut back on a popular source of revenue, it can withhold call-completion payments from a non-U.S. monopoly that does not comply with the rates, analysts said.

Officials of the U.S. commission said it would determine how to enforce the rules on a case-by-case basis.

"There will be more margin erosion" for SingTel, said Alayne Wong, analyst at G.K. Goh Research. SingTel gets about $40 million more from the United States than it pays out to complete calls between the two countries, Mrs. Wong said. Under the new system, the U.S. settlement rate for a call completed by SingTel would fall to 15 cents from 45 cents. The fall in SingTel, Singapore's largest stock in terms of market capitalization, led Singapore's benchmark stock index lower by 50.06 points, or 2.57 percent, to 1,893.86.

If settlement rates are cut, "it would also follow suit that tariffs come down," Mrs. Wong said.

SingTel shares already were reeling from the impact of greater competition, which is expected to hurt margins. The stock has fallen 22 percent this year.

The government recently said unexpectedly that it would offer more licenses for providers of basic phone services in April 2002. It is already choosing one or two more such providers to start operations in April 2000.

The company also faces growing competition in the cellular-phone and paging-services market.

The Indonesian phone companies' American depositary receipts, which tumbled Friday on news of the U.S. ruling, extended their losses Monday. Telkom's American depositary receipts closed at $26.75, down $1.625, while Indosat's ADRs were down 68.75 cents, at $27.3125.

Budi Prasetyo, Indosat's general manager for investor relations, said Indosat was not concerned about the U.S. move, saying the company had a binding agreement with AT&T Corp. through 1999 on call-completion rates. The agreement, which calls for the rate to fall to about 40 cents a minute by the end of 1999, will not be revised, Mr. Prasetyo said.

The U.S. agency's target, however, is for rates charged by Indonesia and other countries it defines as "middle income" to fall to 19 cents a minute.

Mr. Prasetyo said Indosat had little room to reduce the rates because of the high charges it paid to complete calls domestically to Telkom, which has a monopoly in domestic telephone service. These charges are "beyond our control," he said.

Although non-U.S. telephone companies, under the American commission's also would pay the same reduced rates to U.S. companies when they complete calls to the United States, more calls of longer duration originate from America, and U.S. companies end up paying about $5 billion a year to complete international calls.

But SingTel, which on a global level pays out more than it receives for the completion of international calls, would be likely to gain if the lower rates were adopted worldwide.

"Overall, if the rates drop, if we take it as a whole, it will not be disadvantageous," SingTel said.

CURRENCY & INTEREST RATES

Cross Rates

Aug. 11

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	2.0895	3.225	1.1266	0.3345	0.1155*	—	5.4555*	1.3719	1.8043*	1.489	1.336*
Brussels	38.27	61.9425	20.65	6.131	2.1174*	18.325	—	25.715	0.331	27.50	24.4975*
Frankfurt	1.8574	2.9612	—	0.2960	0.1025*	0.8876	4.8429*	1.2274	1.605*	1.3345	1.1853*
London (a)	1.5907	—	2.9477	9.9367	2,878.014	3.3234	60.9357	2.4716	184.0997	2.2166	249.348
Madrid	156.679	249.229	84.372	25.047	8.656*	74.884	4.086	103.18	135.301*	112.452	—
Milan	1,813.45	2,888.15	976.10	289.45	—	866.65	47.28	1,191.45	15.67	1,303.00	11.572
New York (b)	—	1.590	1.866	6.2805	1,819.00	2.1005	36.37	1.5271	116.175	1.3796	156.58
Paris	6.2563	9.9505	3.3685	—	0.3456*	2.9887	0.1631	4.1194	5.4018*	4.4896	3.9975*
Tokyo	115.50	183.32	62.31	18.50	6.39	55.31	3.818	76.25	—	83.12	0.7386
Toronto	1.3976	2.162	0.7488	0.2223	0.0769*	0.6646	0.3632*	0.9135	1.2809*	—	0.887*
Zurich	1.521	2.4206	0.8206	0.2435	0.0841*	0.7284	3.9721*	—	1.3143*	1.0924	0.973*
1 ECU	1.0637	0.6487	1.9754	6.664	1,925.50	2.2257	40.7892	1.6153	123.181	1.4821	166.667
1 SDR	1.3467	0.8575	2.5122	N.Q.	2,446.84	2.8253	52.1464	2.056	159.337	N.Q.	211.48

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers; New York rates 4 P.M. and Toronto rates at 3 P.M.

a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	290.30	Mex. peso	7.815	S. Afr. rand	4.664
Australian $	1.3569	Hong Kong $	7.7424	N. Zealand $	1.5552	S. Kor. won	893.50
Austrian sch.	13.059	Hung. forint	199.68	Norw. krone	7.6398	Swed. krona	7.9498
Brazil real	1.0855	Indian rupee	35.70	Phil. peso	28.30	Taiwan $	28.73
Chinese yuan	8.3197	Indo. rupiah	2605.00	Polish zloty	3.48	Thai baht	30.75
Czech koruna	33.51	Irish £	0.6957	Port. escudo	187.77	Turkish lira	162600.
Danish krone	7.0699	Israeli shek.	3.518	Russ ruble	5812.50	UAE dirham	3.6705
Egypt. pound	3.3923	Kuw dinar	0.3049	Saudi riyal	3.75	Venez. boliv.	494.75
Fin. markka	5.5416	Malay. ring.	2.74	Sing. $	1.4828		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5872	1.5864	1.5856	Japanese yen	115.31	114.85	114.36
Canadian dollar	1.3681	1.3656	1.3635	Swiss franc	1.5136	1.5085	1.5032
Deutsche mark	1.8521	1.8485	1.8449				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

Aug. 11

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5½ - 5⅝	3 1/16 - 3⅛	1 5/16 - 1 7/16	7 - 7⅛	3 5/16 - 3 7/16	7/16 - 9/16	4¼ - 4⅜
3-month	5 9/16 - 5 11/16	3⅛ - 3¼	1⅜ - 1½	7⅛ - 7¼	3¼ - 3⅜	½ - ⅝	4 5/16 - 4⅜
6-month	5¾ - 5 13/16	3¼ - 3⅜	1 7/16 - 1½	7 5/16 - 7 7/16	3⅜ - 3½	½ - ⅝	4⅜ - 4 7/16
1-year	5⅞ - 6	3⅜ - 3½	1⅝ - 1¾	7⅜ - 7½	3 7/16 - 3 9/16	⅝ - 11/16	4⅜ - 4½

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds	5½	5⅝
90-day CDs dealers	5.63	5.63
180-day CP dealers	5.51	5.51
3 month Treasury bill	5.16	5.14
1-year Treasury bill	5.35	5.28
2-year Treasury bill	5.96	5.99
5-year Treasury note	6.20	6.22
7-year Treasury note	6.26	6.28
10-year Treasury note	6.36	6.36
30-year Treasury bond	6.64	6.64
Merrill Lynch 30-day RA	5.13	5.13
Japan		
Discount rate	0.50	0.50
Call money	0.41	0.41
1-month interbank	0.49	0.50
3-month interbank	0.56	0.56
6-month interbank	0.58	0.58
10-year Govt bond	2.36	2.35
Germany		
Lombard rate	4.50	4.50
Call money	3.18	3.16
1-month interbank	3.17	3.17
3-month interbank	3.26	3.26
6-month interbank	3.36	3.36
10-year Bund	5.94	5.94
Britain		
Bank base rate	7.00	7.00
Call money	8.00	7 7/16
1-month interbank	7 3/16	7 3/16
3-month interbank	7⅛	7⅛
6-month interbank	7¼	7¼
10-year Gilt	7.10	7.09
France		
Intervention rate	3.10	3.10
Call money	3 5/16	3 5/16
1-month interbank	3¼	3¼
3-month interbank	3 5/16	3 5/16
6-month interbank	3 5/16	3⅜
10-year OAT	5.75	5.75

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	326.65	327.25	+4.25
London	326.20	327.70	+4.00
New York	330.80	332.20	+1.80

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Dec.)

Source: Reuters.

PRIVATE BANKING

We're not just on the map. We're all over it.

It's not only our vast worldwide network that keeps us at your side at all times.

It's our total commitment to serving your unique demands, wherever you may be.

From the time we opened our first office in Switzerland in 1876, Credit Lyonnais has earned an enviable reputation for Private Banking based on dialogue and personal relationships.

The founder of Credit Lyonnais, Henri Germain, expressed it most succinctly when he created the bank's motto:

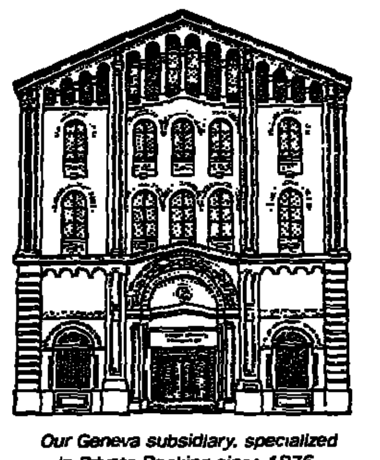
"Business is people, not just figures".

This has been the very essence of our banking philosophy from generation to generation.

We listen well to our clients' priorities as we help them navigate diverse and fast-changing financial markets. Perhaps that is why today we manage more than 9 million private accounts. And why we are often cited as a world reference bank for the private customer.

But there is yet another dimension to a successful banking partnership.

Your banker must make sure you get where you want to go. Providing innovative solutions and insightful answers through in-depth resources and experience in the world's leading marketplaces.



Our Geneva subsidiary, specialized in Private Banking since 1876.

Credit Lyonnais' Private Banking network can always put the financial technology and expertise you need at your finger tips. Precisely when you need it.

The combined strength of these two dimensions – close, trusting partnerships and vast global resources – creates something unique in Credit Lyonnais Private Banking.

Let's talk.

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MONACO TEL. 377/93 15 73 34 • VIENNA TEL. 43 1/531 50 120 • MONTEVIDEO TEL. 598 2/95 08 67 • MIAMI TEL. 1 305/375 78 14
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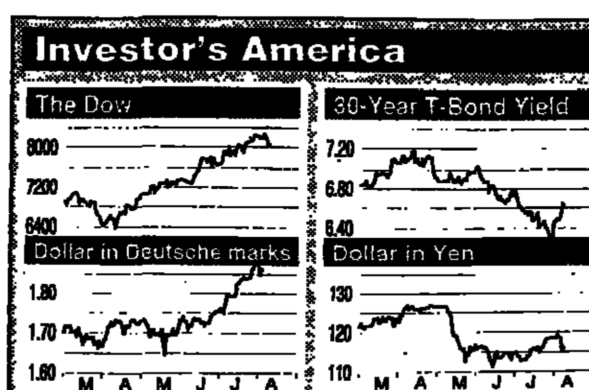
Investor's America



Exchange	Index	Monday @4 P.M.	Prev. Close	% Change
NYSE	The Dow	[illegible]	[illegible]	[illegible]
NYSE	S&P 500	[illegible]	[illegible]	+0.37
NYSE	S&P 100	[illegible]	[illegible]	[illegible]
NYSE	Composite	[illegible]	[illegible]	[illegible]
U.S.	Nasdaq Composite	[illegible]	[illegible]	-0.74
AMEX	Market Value	[illegible]	[illegible]	[illegible]
Toronto	TSE Index	[illegible]	[illegible]	[illegible]
São Paulo	Bovespa	[illegible]	[illegible]	[illegible]
Mexico City	Bolsa	[illegible]	[illegible]	[illegible]
Buenos Aires	Merval	[illegible]	[illegible]	+0.25
Santiago	IPSA General	[illegible]	[illegible]	[illegible]
Caracas	Capital General	[illegible]	[illegible]	[illegible]

Source: Bloomberg, Reuters — International Herald Tribune

Metrocall to Buy Paging Firm

Bloomberg News

ALEXANDRIA, Virginia — Metrocall Inc. said Monday that it would buy ProNet Inc. for about $243.8 million in stock and assumed debt, creating the second-largest U.S. paging company behind Paging Network Inc.

Metrocall will offer 0.9 share for each ProNet share, for a total of $73.8 million, and will assume $170 million in debt. The offer values ProNet shares at $5.40 each, compared with Friday's close of $6. ProNet shares closed Monday at $5.125, down 87.5 cents, while Metrocall shares finished unchanged at $6.

The acquisition continues a series of such moves in the paging industry, as companies try to compete with PageNet, the industry leader, which has more than 10 million customers. Metrocall would have more than 4 million customers at the acquisition's scheduled completion late this year.

"This gives Metrocall greater scale and puts them in a stronger position to compete with PageNet," said J.P. Mark, analyst at Rauscher Pierce Refsnes. "The larger the player, the more opportunities there are."

News of the acquisition may have leaked out, analysts said, citing the 28 percent rise in ProNet shares last week.

"Last week, the stock price shot up," said Kenneth Toudouze, analyst at Principal Financial Securities. "No doubt, somebody leaked this information."

Officials at ProNet and Metrocall were not immediately available to comment on last week's trading activity.

Metrocall will issue about 12.3 million shares in the transaction. ProNet has about 12.6 million shares outstanding and agreements to issue 1.1 million additional shares. ProNet will appoint three directors to Metrocall's board, including its chairman and chief executive, Jackie Kimzey, giving Metrocall a total of 14 directors.

■ Fund to Buy Amscan

GS Capital Partners II LP, an investment fund managed by Goldman, Sachs & Co., said it would buy Amscan Holdings Inc. for about $315 million in cash and assumed debt, Bloomberg reported from Elmsford, New York.

Under the agreement, Amscan shareholders may choose either to receive $16.50 a share in cash or to receive $9.33 a share in cash and keep an interest in Amscan.

The retained interest "would be equal to one share for every 150,000 shares elected," Amscan said.

The purchase would provide Amscan, a maker of paper and plastic party goods, with $75 million in equity, $62 million of which is expected to be invested by GS Capital, the company said.

Dollar Resumes Climb Ahead of Price Data

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose Monday against most other major currencies as investors, confident about the strength of the U.S. economy, looked to reports on inflation and retail sales for clues to whether the Federal Reserve Board would raise interest rates soon.

"People see this as a good opportunity to take in dollars," said Ben Strauss, a currency trader for Bank Julius Baer. "Politically, socially and economically, the U.S. is just in a lot better shape than Europe and Japan at the moment."

In 4 P.M. trading, the dollar was at 116.175 yen, up from 114.825 yen Friday, and at 1.8650 Deutsche marks, compared with 1.8455 DM.

The dollar also was at 6.2805 French francs, up from 6.2183 francs Friday, and at 1.5273 Swiss francs, compared with 1.5097 francs. The pound rose to $1.5900 from $1.5875.

The U.S. government is expected to report Wednesday that the producer price index rose 0.1 percent last month, after declining 0.1 percent in June, analysts said. On Thursday the consumer price index is expected to show a 0.2 percent rise, compared with a 0.1 percent increase in June.

"If they show any hint that the inflation picture has turned toward the negative, we may have problems," said Marcello Frustaci, a trader at Daiwa Securities America.

Investors watch for signs of accelerating inflation because rising prices eat into the value of fixed-income securities over time. That has not been a problem so far this year, with the consumer price index rising at an annual pace of just 1.4 percent in the first half.

Wednesday's retail-sales figure might get more attention than the price reports, traders and investors said, because it could signal a rebound in consumer spending that could presage inflation.

Rising prices may cause the Fed to raise its target for overnight lending rates between banks to try to cool the economy. The federal

FOREIGN EXCHANGE

funds rate was last adjusted in March, when Fed policymakers raised it to 5.5 percent from 5.25 percent.

Last week, the dollar slipped amid some speculation that the Bundesbank might raise interest rates soon to boost its sagging currency — the mark has dropped 6 percent since July 1. Most analysts, however, are skeptical a rate increase is imminent.

With the German economy only slowly emerging from its five-year slowdown and struggling to meet the budget deficit and debt limits required for European economic and monetary union, "the feeling is they won't hike rates," said David Becker, senior currency trader at Bank Austria.

Also on Monday, Merrill Lynch advised against investing in Kenyan shilling instruments for the short term because of concern about political instability in the country.

(Bloomberg, Bridge News)

Very briefly:

- **Labor Secretary Alexis Herman** called on both sides in the **United Parcel Service of America Inc.** strike to meet with her and find a way to get "back to the bargaining table." Federally mediated talks broke off Saturday between the company and the **Teamsters** union, sending the strike into a second week with no sign of movement on either side.
- **HFS Inc.**'s unit **Avis Rent a Car Inc.** has agreed to buy its second-largest North American franchisee, **First Gray Line Corp.**, for $195 million in cash.
- **Lockheed Martin Corp.** will sell its commercial-electronics operation to **Manufacturers' Services Ltd.** of the United States. Financial terms of the deal were not disclosed.
- **PacifiCorp** will take a third-quarter loss of $65 million because of a foreign-currency hedge position it took when it announced plans in June to buy a British company, **Energy Group PLC**, for $9.7 billion.
- **Rubbermaid Inc.** shuffled key executives in an effort to fuel growth and improve its product innovation and marketing. Larry Porcellato, president of Rubbermaid Europe, will become president of Rubbermaid's Home Products unit in North America.

Bloomberg, AFX, AP

Reader's Digest Calls In Ex-Chief

Bloomberg News

PLEASANTVILLE, New York — Reader's Digest Association Inc. said Monday that James Schadt had resigned as chairman and chief executive after the failure of his attempts to diversify beyond publishing and reach new customers.

The company said George Grune had come out of retirement to lead the publisher of Reader's Digest magazine until a permanent successor could be found. Mr. Grune, 68, who led the company through a decade of growth, will immediately replace Mr. Schadt, 59.

Mr. Schadt's attempts to transform the book and magazine publisher into a television and multimedia company as a way to woo a younger audience have been costly. Last month, the company halved its dividend and warned that fiscal 1997 earnings would be lower than expected.

"This guy hasn't exactly been what the market has been hoping for," said Joe Hill, an analyst at STI Capital Management, which owned 614,300 shares in June.

The stock, which had fallen 39 percent since Mr. Schadt became CEO on Aug. 1, 1994, closed at $28, up $3.125.

Weekend Box Office

The Associated Press

LOS ANGELES — "Conspiracy Theory" dominated the U.S. box office over the weekend, with a gross of $19.4 million. Following are the Top 10 moneymakers, based on Friday's ticket sales and estimated sales for Saturday and Sunday.

1. Conspiracy Theory	(Warner Bros.)	$19.4 million
2. Air Force One	(Columbia Pictures)	$18.2 million
3. Spawn	(New Line Cinema)	$9.1 million
4. George of the Jungle	(Walt Disney)	$6.3 million
5. Men in Black	(Columbia Pictures)	$5.7 million
6. Picture Perfect	(Twentieth Century-Fox)	$5 million
7. Contact	(Warner Bros.)	$4.4 million
8. How to Be a Player	(Polygram)	$4.1 million
9. Air Bud	(Walt Disney)	$3.5 million
10. Nothing to Lose	(Touchstone Pictures)	$2.8 million

Blue Chips Post Gains, but Technology Shares Hold Back

Compiled by Our Staff From Dispatches

NEW YORK — Stocks posted modest gains Monday, with oil companies gaining while technology and drug shares were off, as investors registered some concern that the Federal Reserve Board might have to raise interest rates to contain inflation.

The Dow Jones industrial average closed Monday at 8,062.11, up 30.89, with declining issues leading advancers by a 15-to-13 ratio on the New York Stock Exchange.

The Standard & Poor's 500-stock index rose 3.46 to 937.00, but the technology-heavy Nasdaq Composite Index fell 11.74 points to 1,586.78.

Stocks suffered their worst slide in more than six weeks Friday, as bond yields surged and the Dow ended with a loss of 156.78 points after having been down as much as 210 points. Before Friday, there were nine drops of more than 100 points in the Dow this year. In every case but one, the 30-stock average rallied the following session.

"The tendency in this market is to sell into any kind of rally," said Brian Daley, the head listed trader at First Albany Corp. in New York. "That's what I expect until you have further confirmation that the economy is slowing."

Investors will be watching reports on inflation and retail sales this week for clues on where interest rates are headed. The government is to release figures on retail sales and productivity Tuesday, wholesale prices Wednesday and consumer prices Thursday. Signs that the eco-

U.S. STOCKS

nomy is growing too fast might prompt the Fed to raise benchmark borrowing rates, which could hurt stocks by making it more expensive for companies to raise money.

Intel, the most active stock in U.S. markets, fell on concern that its price was higher than justified by prospects for earnings.

"Technology is susceptible to a correction because it's run up faster than the market," said Geoffrey Brod, a money manager at Aeltus Investment Management of Hartford, Connecticut. Ascend Communications, Apple Computer and Dell Computer all were lower.

Oil stocks rose after Mobil Corp.'s rating was raised by a Morgan Stanley analyst. Exxon and Chevron also gained.

Coca Cola, which said Friday that third-quarter earnings would only slightly exceed year-earlier levels, fell after Morgan Stanley and Salomon Brothers downgraded the stock.

Drug stocks were down after Morgan Stanley downgraded them, saying they were not expected to outperform the market. Pfizer, Johnson & Johnson, Warner Lambert, Schering-Plough, Lilly and Merck were among the decliners.

Comcast shares rose. The company reported a smaller-than-expected loss for the second quarter on gains in its cable systems, QVC shopping channel and cellular telephone businesses.

Nextel Communications fell. Its second-quarter loss widened to $261.6 million from $130 million as an aggressive expansion of its wireless service increased operating and selling expenses. Revenue climbed 76 percent, to $256.6 million.

(Bloomberg, AP)

AMEX

Monday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	8028.90	8076.51	7964.56	8062.11	+30.89
Trans	2949.71	2953.82	2924.93	2934.16	-2.86
Util	229.73	233.44	229.38	232.89	+3.07
Comp	2483.42	2497.39	2471.10	2492.33	+9.36

Standard & Poors

	High	Low	Previous Close	Today 4:00
Industrials	—	—	1101.55	1102.54
Transp.	—	—	671.58	671.66
Utilities	—	—	197.00	199.35
Finance	—	—	106.04	107.36
SP 500	—	—	933.54	936.42
SP 100	—	—	909.33	909.94

NYSE

	High	Low	Last	Chg.
Composite	485.61	480.36	485.21	+1.42
Industrials	615.80	607.91	614.24	+0.29
Transp.	443.61	439.50	440.99	-0.47
Utility	291.97	288.21	291.59	+3.33
Finance	449.69	444.75	449.09	+3.60

Nasdaq

	High	Low	Last	Chg.
Composite	1600.47	1570.63	1586.78	-11.74
Industrials	1261.91	1244.26	1252.73	-6.25
Banks	1709.60	1697.19	1708.48	+8.81
Insurance	1710.10	1694.76	1708.50	+13.50
Finance	2043.99	2031.42	2043.73	+6.87
Transp.	1023.63	1015.59	1020.49	+1.77

AMEX

High	Low	Last	Chg.
646.99	642.56	644.34	-1.81

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	104.23	104.17
10 Utilities	101.53	101.49
10 Industrials	106.94	106.84

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
CocaCl	126395	[illegible]	[illegible]	[illegible]	[illegible]
AT&T s	96964	[illegible]	[illegible]	[illegible]	[illegible]
Compaq s	96383	[illegible]	[illegible]	[illegible]	[illegible]
Pfizer s	55892	[illegible]	[illegible]	[illegible]	[illegible]
Micrn T	52510	[illegible]	[illegible]	[illegible]	[illegible]
GenElec s	51037	[illegible]	[illegible]	[illegible]	[illegible]
PhilMor s	48852	[illegible]	[illegible]	[illegible]	[illegible]
EDS	48278	[illegible]	[illegible]	[illegible]	[illegible]
Merck	46913	[illegible]	[illegible]	[illegible]	[illegible]
PG&E Cp	46430	[illegible]	[illegible]	[illegible]	[illegible]
JohnJn	43309	[illegible]	[illegible]	[illegible]	[illegible]
Exxon s	39155	[illegible]	[illegible]	[illegible]	[illegible]
WDigit s	37463	[illegible]	[illegible]	[illegible]	[illegible]
IBM s	33401	[illegible]	[illegible]	[illegible]	[illegible]
ColHCA s	32512	[illegible]	[illegible]	[illegible]	[illegible]

Nasdaq

	Vol.	High	Low	Last	Chg.
Ascend	247859	[illegible]	[illegible]	[illegible]	[illegible]
Intel s	183098	[illegible]	[illegible]	[illegible]	[illegible]
AppleC	137122	[illegible]	[illegible]	[illegible]	[illegible]
DellCpt s	116139	[illegible]	[illegible]	[illegible]	[illegible]
Microsft s	90761	[illegible]	[illegible]	[illegible]	[illegible]
3Com	83007	[illegible]	[illegible]	[illegible]	[illegible]
WorldCm	68408	[illegible]	[illegible]	[illegible]	[illegible]
Cisco	65577	[illegible]	[illegible]	[illegible]	[illegible]
TeleComA	66703	[illegible]	[illegible]	[illegible]	[illegible]
Novell	61730	[illegible]	[illegible]	[illegible]	[illegible]
MCI	58781	[illegible]	[illegible]	[illegible]	[illegible]
ApldMat	54722	[illegible]	[illegible]	[illegible]	[illegible]
TeleTech	48960	[illegible]	[illegible]	[illegible]	[illegible]
SunMic s	45256	[illegible]	[illegible]	[illegible]	[illegible]
Oracle	43115	[illegible]	[illegible]	[illegible]	[illegible]

AMEX

	Vol.	High	Low	Last	Chg.
SPDR	62514	[illegible]	[illegible]	[illegible]	[illegible]
ViacB	12703	[illegible]	[illegible]	[illegible]	[illegible]
XCL Ltd	12548	[illegible]	[illegible]	[illegible]	[illegible]
Andrea	9998	[illegible]	[illegible]	[illegible]	[illegible]
Amdhl	9139	[illegible]	[illegible]	[illegible]	[illegible]
TWA	6500	[illegible]	[illegible]	[illegible]	[illegible]
PLC Sys	6183	[illegible]	[illegible]	[illegible]	[illegible]
Thrmdt	6094	[illegible]	[illegible]	[illegible]	[illegible]
EchoBay	5426	[illegible]	[illegible]	[illegible]	[illegible]
JTS Corp	5282	[illegible]	[illegible]	[illegible]	[illegible]

Trading Activity

NYSE

	Close	Prev.
Advanced	1375	544
Declined	1482	2481
Unchanged	528	369
Total issues	3385	3394
New Highs	89	66
New Lows	10	15

Nasdaq

	Noon	Prev.
Advanced	1390	1476
Declined	1927	2743
Unchanged	2111	1547
Total issues	5428	5766
New Highs	74	123
New Lows	57	72

AMEX

	Close	Prev.
Advanced	227	176
Declined	327	397
Unchanged	180	172
Total issues	734	745
New Highs	21	24
New Lows	9	4

Market Sales

	Today 4:00	Prev. cons.
NYSE	465.40	672.87
Amex	23.02	35.54
Nasdaq	549.76	691.65

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
AMVESCAP PLC	-	.405	8-15	10-8
Rank Group ADR	b	.2086	9-19	10-20
INCREASED				
Guarantee Life	Q	.07	8-29	9-15
Sun Bancorp	Q	.28	8-29	9-12
LIQUIDATING				
ITC Holdings g	-	1.35	8-11	8-20
SPECIAL				
LSI Indust	-	.05	9-9	9-16
PS Grp Holdings	-	1.50	8-18	8-28
REDUCED				
Heritage USGvIncl	M	.077	8-15	8-22
INITIAL				
Chart Ind n	-	.06	9-1	9-15
REGULAR				
Blkrk Strateg Trm	M	.0396	8-15	8-29
Clayton Homes	Q	.02	9-18	10-13
Deluxe Corp	Q	.37	8-18	9-2
Dupont Cda A g	Q	.13	10-1	10-31
EatonVn CIT	M	.018	8-15	8-22
EatonVan Mar	M	.022	8-8	8-15
EatonVan Trd	M	.025	8-15	8-29
Electronic Data	Q	.15	8-18	9-10
Habersham Bncp	Q	.035	9-1	9-15
Horizon Fin Svcs	Q	.08	9-5	9-26
Hyperion 1997	M	.0333	8-18	8-28
Hyperion 1999	M	.035	8-18	8-28
Hyperion 2002	M	.038	8-18	8-28
Hyperion 2005	M	.045	8-18	8-28
Hyperion TotRet	M	.07	8-18	8-28
KN Energy	Q	.27	9-15	9-30
LSI Indust	Q	.05	9-9	9-16
Olsten Corp	Q	.07	8-21	9-3
Southwest Water	Q	.09	9-30	10-20
Trans Leasing	Q	.03	8-15	8-26
Union Pac Re	Q	.05	9-10	10-1
Westwood Corp	Q	.01	9-1	9-22

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

FOR INVESTMENT INFORMATION
Read **THE MONEY REPORT** every Saturday in the IHT.

INTERNATIONAL FUTURES

Aug. 11, 1997

	High	Low	Latest	Chge	OpInt
Grains					
CORN (CBOT) 5,000 bu minimum- cents per bushel					
Sep 97	250½	246	249¾	-3¼	50,291
Dec 97	253¾	248½	253¼	-3¾	149,144
Mar 98	262½	257½	262¼	-3½	34,041
May 98	267	262	266¼	-4	7,902
Jul 98	270¼	263½	269¾	-3	12,875
Sep 98	260	259	259½	-2	1,497
Dec 98	262½	260	262½	-¼	5,841
Est. sales 54,000 Fri's sales 49,944					
Fri's open int 261,670, off 1,439					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Aug 97	254.50	246.10	250.00	-4.40	9,816
Sep 97	227.50	222.40	223.10	-6.60	21,866
Oct 97	210.50	206.50	206.80	-8.40	15,170
Dec 97	206.50	201.00	201.20	-8.80	39,673
Jan 98	206.90	198.20	198.50	-9.70	5,982
Mar 98	200.00	195.50	196.00	-8.70	8,119
Est. sales 12,000 Fri's sales 14,886					
Fri's open int 106,988, off 1,000.204					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
Aug 97	21.60	21.25	21.60	-0.17	1,031
Sep 97	21.70	21.30	21.68	-0.21	20,987
Oct 97	21.90	21.55	21.89	-0.16	15,912
Dec 97	22.17	21.72	22.11	-0.25	44,088
Jan 98	22.30	22.05	22.27	-0.31	7,076
Mar 98	22.65	22.45	22.65	-0.27	4,816
Est. sales 7,000 Fri's sales 7,905					
Fri's open int 97,606, off 1,107					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
Aug 97	738¼	718	723¼	-16	7,546
Sep 97	661	642½	643	-29½	16,038
Nov 97	628	609	610	-27½	74,111
Jan 98	630	614	614¼	-28¼	15,860
Mar 98	631	623	625	-25	5,685
Est. sales 32,000 Fri's sales 33,990					
Fri's open int 126,922, off 1,356					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
Sep 97	367¼	362	363¼	-3½	34,483
Dec 97	382½	378	378¼	-5	49,946
Mar 98	392	387½	389½	-3¼	15,122
May 98	392½	389	390¼	-2¼	1,486
Est. sales 19,000 Fri's sales 21,548					
Fri's open int 105,868, up 690					
Livestock					
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Aug 97	66.25	65.50	65.65	-0.75	11,140
Oct 97	70.20	69.77	69.85	-0.35	52,960
Dec 97	71.97	71.67	71.90	-0.07	21,040
Feb 98	73.47	73.15	73.35	+0.02	10,882
Apr 98	74.97	74.60	74.85	-0.07	4,398
Jun 98	71.60	71.40	71.42	+0.02	2,915
Est. sales 14,173 Fri's sales 15,173					
Fri's open int 103,709, off 1,488					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Aug 97	81.50	80.52	80.80	+0.62	6,558
Sep 97	80.75	80.27	80.47	+0.55	3,968
Oct 97	81.70	80.85	81.15	+0.45	6,479
Nov 97	82.67	82.00	82.22	+0.55	3,743
Jan 98	82.80	82.02	82.20	+0.45	1,861
Mar 98	82.35	81.75	81.95	+0.25	899
Est. sales 3,908 Fri's sales 3,075					
Fri's open int 23,971, off 519					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Aug 97	80.97	80.20	80.40	-0.22	6,693
Oct 97	73.00	71.70	71.85	-0.67	16,954
Dec 97	69.20	68.27	68.47	-0.40	6,219
Feb 98	67.50	66.70	66.80	-0.45	2,496
Apr 98	63.60	63.00	63.02	-0.22	1,494
Est. sales 6,793 Fri's sales 6,280					
Fri's open int 35,508, off 760					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Aug 97	85.52	80.82	81.12	-1.40	1,152
Feb 98	75.70	73.75	74.02	-0.35	3,526
Mar 98	75.00	73.25	73.97	-0.47	116
Est. sales 1,912 Fri's sales 1,688					
Fri's open int 4,837, off 392					
Food					
COCOA (NCSE) 10 metric tons- $ per ton					
Sep 97	1500	1475	1496	+15	16,706
Dec 97	1538	1515	1536	+15	30,001
Mar 98	1570	1548	1570	+18	25,281
May 98	1588	1582	1588	+16	12,291
Jul 98	1610	1599	1608	+15	1,625
Sep 98	1629	1605	1629	+15	3,741
Est. sales 10,463 Fri's sales 8,465					
Fri's open int 102,263, up 85					
COFFEE C (NCSE) 37,500 lbs.- cents per lb					
Sep 97	209.00	194.00	199.35	-6.50	8,221
Dec 97	180.00	172.50	174.75	-2.10	7,096
Mar 98	157.50	154.25	154.73	-1.00	3,519
May 98	151.50	148.00	148.75	-1.25	1,058
Jul 98	145.00	143.75	143.75	-0.75	753
Est. sales 7,118 Fri's sales 5,639					
Fri's open int 21,037, off 322					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Oct 97	11.55	11.37	11.53	+0.15	105,088
Mar 98	11.82	11.62	11.81	+0.16	40,035
May 98	11.76	11.60	11.76	+0.15	13,261
Jul 98	11.65	11.51	11.65	+0.14	7,544
Est. sales 12,678 Fri's sales 41,558					
Fri's open int 190,432, off 8,298					

	High	Low	Latest	Chge	OpInt
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Nov 97	84.00	80.80	83.90	+4.55	9,248
Jan 98	86.30	83.50	86.00	+3.75	4,146
Mar 98	89.30	86.80	88.85	+3.85	3,034
May 98	92.00	89.50	92.00	+4.25	603
Est. sales N.A. Fri's sales 2,176					
Fri's open int 33,035, up 389					
Metals					
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Aug 97	328.50	327.00	328.20	+2.10	553
Sep 97			329.10	+2.10	2
Oct 97	331.40	328.10	330.40	+2.10	15,675
Dec 97	333.40	330.30	332.50	+2.10	117,894
Feb 98	334.80	333.70	334.50	+2.10	12,469
Apr 98	336.50	336.40	336.50	+2.10	5,315
Jun 98	339.00	337.50	338.80	+2.20	7,340
Aug 98			341.20	+2.30	3,111
Oct 98			343.50	+2.30	109
Est. sales 20,000 Fri's sales 59,148					
Fri's open int 200,335, off 1,768					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Aug 97	106.40	104.20	105.20	-0.65	2,493
Sep 97	106.80	104.20	105.20	-0.90	20,457
Oct 97	105.30	104.70	104.70	-0.50	1,702
Nov 97			103.60	-0.70	1,380
Dec 97	104.30	102.00	103.15	-0.55	8,355
Jan 98			102.80	-0.30	658
Feb 98			102.00	-0.30	585
Mar 98	101.90	101.00	101.30	-0.30	2,369
Apr 98			100.50	-0.20	400
Est. sales 6,500 Fri's sales 6,849					
Fri's open int 42,994, up 399					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Aug 97			442.80	+6.50	
Sep 97	445.00	437.00	444.00	+6.50	52,548
Oct 97			447.70	+6.50	78
Dec 97	452.00	445.50	450.50	+6.50	20,299
Jan 98			452.10	+6.50	20
Mar 98	458.00	453.00	456.90	+6.50	10,239
May 98	460.90	459.00	460.90	+6.50	2,984
Jul 98			464.90	+6.50	2,160
Est. sales 13,000 Fri's sales 20,546					
Fri's open int 93,626, up 214					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Oct 97	446.00	440.00	442.00	-1.70	11,590
Jan 98	434.90	431.50	432.50	-1.20	2,532
Apr 98	430.00	427.00	427.00	+0.30	407
Est. sales N.A. Fri's sales 1,452					
Fri's open int 14,979, up 265					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1756.00	1757.00	1773.00	1775.00
Forward	1747.00	1748.00	1753.00	1754.00
Copper Cathodes (High Grade)				
Spot	2311.00	2314.00	2319.00	2322.00
Forward	2287.00	2288.00	2291.00	2292.00
Lead				
Spot	594.00	596.00	597.00	599.00
Forward	609½	611½	613.00	615.00
Nickel				
Spot	6810.00	6815.00	7005.00	7015.00
Forward	6910.00	6915.00	7100.00	7110.00
Tin				
Spot	5480.00	5490.00	5555.00	5565.00
Forward	5520.00	5530.00	5595.00	5605.00
Zinc (Special High Grade)				
Spot	1718.00	1722.00	1690.00	1700.00
Forward	1547.00	1548.00	1535.00	1540.00

	High	Low	Close	Chge	OpInt
Financial					
US T BILLS (CMER) $1 million- pts of 100 pct.					
Sep 97	94.87	94.85	94.86	unch.	7,023
Dec 97	94.72	94.70	94.71	+0.01	2,259
Mar 98			94.61	+0.02	498
Est. sales 805 Fri's sales 2,313					
Fri's open int 9,780, up 1,739					
5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Sep 97	106-28	106-23	106-24	+ 04	214,820
Dec 97	106-22	106-10	106-19	+ 03	13,781
Est. sales 41,500 Fri's sales 119,867					
Fri's open int 228,401, up 3,511					
10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 97	109-02	108-18	108-27	+ 01	362,120
Dec 97	108-22	108-09	108-17	+ 01	37,675
Mar 98	108-08	108-07	108-07	+ 01	1,383
Est. sales 80,008 Fri's sales 160,097					
Fri's open int 401,178, off 3,090					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Sep 97	113-03	112-09	112-24	+ 02	544,789
Dec 97	112-22	111-29	112-12	+ 02	58,608
Mar 98	112-10	111-20	112-02	+ 02	32,024
Jun 98			111-22	+ 02	2,132
Est. sales 405,000 Fri's sales 774,152					
Fri's open int 639,227, up 33,195					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Sep 97	114-18	114-03	114-08	—0-01	176,103
Dec 97	113-31	113-27	113-27	—0-01	9,998
Est. sales: 35,091. Prev. sales: 106,095					
Prev. open int.: 186,101 off 6,781					
GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct					
Sep 97	102.02	101.58	101.90	+0.15	266,156
Dec 97	101.06	101.00	101.07	+0.15	18,411
Mar 98	N.T.	N.T.	100.24	+0.15	
Est. sales: 108,229. Prev. sales: 215,055					
Prev. open int.: 284,567 off 2,265					

	High	Low	Latest	Chge	OpInt
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Sep 97	129.52	128.94	129.34	Unch.	168,742
Dec 97	98.42	97.94	98.26	— 0.02	11,665
Mar 98	97.34	97.34	97.66	— 0.02	0
Est. sales: 73,219.					
Open int.: 180,407 up 1,867.					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Sep 97	135.85	135.30	135.54	+0.14	100,260
Dec 97	N.T.	N.T.	107.78	+0.14	
Mar 98	N.T.	N.T.	108.24	+0.14	105,438
Est. sales: 31,341. Prev. sales: 62,395					
Prev. open int.: 105,438 off 3,323					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Aug 97	94.34	94.33	94.34	unch.	19,354
Sep 97	94.33	94.32	94.32	unch.	11,678
Oct 97	94.29	94.28	94.29	unch.	6,237
Est. sales 3,700 Fri's sales 8,301					
Fri's open int 47,773, up 2,144					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Aug 97	94.25	94.24	94.25	unch.	19,672
Sep 97	94.23	94.21	94.23	unch.	514,931
Oct 97	94.13	94.12	94.13	+0.01	3,020
Dec 97	94.02	93.97	94.00	+0.01	488,428
Mar 98	93.92	93.86	93.91	+0.02	341,037
Jun 98	93.81	93.75	93.80	+0.02	281,682
Sep 98	93.71	93.65	93.70	+0.02	224,395
Dec 98	93.60	93.54	93.59	+0.02	183,285
Mar 99	93.59	93.53	93.57	+0.01	133,626
Jun 99	93.55	93.49	93.53	+0.01	100,020
Sep 99	93.51	93.45	93.50	+0.02	85,034
Dec 99	93.44	93.38	93.43	+0.02	73,426
Est. sales 416,289 Fri's sales 846,043					
Fri's open int 2,826,450, up 61,756					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Sep 97	1.5908	1.5830	1.5882	+0.0042	50,639
Dec 97	1.5860	1.5810	1.5828	+0.0042	989
Mar 98			1.5770	+0.0038	209
Est. sales 4,681 Fri's sales 14,518					
Fri's open int 51,837, off 1,817					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Sep 97	.7213	.7184	.7191	-0.0018	50,350
Dec 97	.7236	.7215	.7225	-0.0017	3,649
Mar 98	.7258	.7252	.7252	-0.0017	654
Est. sales 5,578 Fri's sales 13,758					
Fri's open int 54,901, up 5,128					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Sep 97	.5430	.5383	.5385	-0.0041	117,755
Dec 97	.5441	.5416	.5417	-0.0041	3,639
Mar 98	.5468	.5450	.5450	-0.0041	1,004
Est. sales 19,915 Fri's sales 54,021					
Fri's open int 122,505, off 3,634					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Sep 97	.8759	.8634	.8658	-.0108	76,652
Dec 97	.8804	.8751	.8773	-.0108	2,271
Mar 98	.8925	.8888	.8893	-.0108	413
Est. sales 19,250 Fri's sales 52,940					
Fri's open int 79,337, off 5,610					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Sep 97	.6660	.6582	.6583	-0.0067	56,330
Dec 97	.6682	.6650	.6652	-0.0067	2,306
Mar 98			.6722	-0.0067	1,059
Est. sales 11,132 Fri's sales 27,973					
Fri's open int 59,805, off 3,191					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Sep 97	.12660	.12590	.12647	+.00227	23,009
Dec 97	.12205	.12175	.12205	+.00213	13,601
Mar 98	.11807	.11770	.11805	+.00213	5,157
Est. sales 4,032 Fri's sales 6,678					
Fri's open int 42,839, off 687					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Sep 97	92.79	92.76	92.76	—0.03	117,240
Dec 97	92.48	92.42	92.43	—0.04	123,280
Mar 98	92.66	92.60	92.61	—0.04	98,371
Jun 98	92.66	92.61	92.62	—0.04	67,199
Sep 98	92.69	92.63	92.64	—0.04	56,000
Dec 98	92.73	92.67	92.68	—0.04	48,947
Mar 99	92.72	92.70	92.71	—0.04	40,821
Est. sales: 57,260. Prev. sales: 114,509					
Prev. open int.: 630,340 off 2,083					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Aug 97	N.T.	N.T.	96.72	Unch.	1,013
Sep 97	96.68	96.66	96.67	+0.01	260,430
Oct 97	96.60	96.59	96.60	Unch.	1,603
Dec 97	96.54	96.50	96.51	Unch.	297,965
Mar 98	96.42	96.39	96.40	Unch.	274,635
Jun 98	96.23	96.19	96.21	+0.01	204,207
Sep 98	96.03	95.98	96.01	+0.02	151,405
Dec 98	95.77	95.74	95.76	+0.02	143,791
Mar 99	95.58	95.54	95.56	+0.02	110,220
Jun 99	95.39	95.35	95.37	+0.02	69,204
Sep 99	95.22	95.20	95.20	+0.01	53,773
Est. sales: 136,645. Prev. sales: 200,107					
Prev. open int.: 1,653,118 up 4,994					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Sep 97	96.52	96.47	96.50	+ 0.02	71,427
Dec 97	96.36	96.32	96.34	Unch.	40,930
Mar 98	96.26	96.23	96.24	Unch.	29,952
Jun 98	96.17	96.14	96.14	Unch.	25,730
Sep 98	96.03	96.00	96.01	— 0.01	31,847
Est. sales: 34,104.					
Open int.: 271,546 off 1,034.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Sep 97	93.21	93.18	93.20	+0.01	104,250
Dec 97	93.53	93.48	93.50	—0.01	94,876
Mar 98	93.87	93.82	93.83	—0.02	51,370
Jun 98	94.13	94.08	94.09	—0.01	41,473
Sep 98	94.28	94.23	94.24	—0.01	35,727
Dec 98	94.37	94.34	94.34	Unch.	28,039
Est. sales: 24,304. Prev. sales: 41,451					

	High	Low	Latest	Chge	OpInt
Industrials					
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Oct 97	74.10	73.35	73.71	-0.54	10,891
Dec 97	74.00	73.50	73.76	-0.49	42,582
Mar 98	75.25	74.85	75.10	-0.58	11,584
May 98	75.80	75.45	75.70	-0.50	2,902
Jul 98	76.45	75.95	76.30	-0.40	2,048
Est. sales N.A. Fri's sales 11,275					
Fri's open int 76,432, up 363					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Sep 97	54.95	54.25	54.36	+0.07	38,647
Oct 97	55.60	55.15	55.32	+0.06	28,666
Nov 97	56.40	55.90	56.12	+0.06	17,848
Dec 97	57.25	56.75	56.92	+0.01	21,087
Jan 98	57.75	57.40	57.47	+0.01	15,208
Feb 98	57.95	57.60	57.62	+0.01	7,918
Mar 98	57.30	56.77	56.77	+0.01	7,358
Est. sales N.A. Fri's sales 36,437					
Fri's open int 147,787, up 459					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Sep 97	19.75	19.55	19.69	+0.15	81,926
Oct 97	19.92	19.72	19.88	+0.14	71,324
Nov 97	19.99	19.85	19.98	+0.11	39,615
Dec 97	20.05	19.90	20.03	+0.10	51,735
Jan 98	20.05	19.96	20.05	+0.09	29,338
Feb 98	20.08	20.00	20.06	+0.07	15,241
Est. sales N.A. Fri's sales 127,028					
Fri's open int 443,079, up 4,048					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Sep 97	2.605	2.475	2.586	+0.083	46,837
Oct 97	2.600	2.485	2.578	+0.063	32,671
Nov 97	2.670	2.585	2.650	+0.055	16,073
Dec 97	2.760	2.685	2.745	+0.052	18,762
Jan 98	2.775	2.690	2.760	+0.057	18,757
Feb 98	2.615	2.550	2.600	+0.040	13,655
Est. sales N.A. Fri's sales 59,418					
Fri's open int 214,909, up 14,884					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Sep 97	62.40	61.00	61.47	-0.52	39,251
Oct 97	59.00	58.00	58.29	-0.38	21,670
Nov 97	57.15	56.65	56.79	-0.31	9,805
Dec 97	57.00	56.34	56.34	-0.13	9,139
Jan 98	57.10	56.30	56.40	-0.12	8,647
Feb 98	57.00	56.80	56.85	-0.07	3,253
Mar 98	57.60	57.45	57.45	-0.02	4,460
Apr 98			60.10	+0.06	1,795
Est. sales N.A. Fri's sales 33,193					
Fri's open int 99,518, off 885					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Aug 97	169.00	167.50	168.00	—1.50	12,898
Sep 97	170.50	169.00	169.75	—1.25	21,334
Oct 97	171.00	171.00	172.75	—1.75	11,414
Nov 97	173.50	173.00	173.00	—1.25	6,574
Dec 97	175.50	174.75	174.50	—1.25	13,555
Jan 98	175.25	175.25	175.00	—1.25	7,874
Feb 98	174.50	174.50	174.50	—1.25	5,117
Est. sales: 17,500. Prev. sales: 18,025					
Prev. open int.: 86,735 up 71					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Sep 97	18.59	18.35	18.58	+0.10	42,910
Oct 97	18.76	18.55	18.75	+0.12	61,331
Nov 97	18.87	18.70	18.89	+0.09	14,575
Dec 97	18.94	18.81	19.01	+0.08	19,271
Jan 98	18.91	18.86	19.04	+0.08	14,857
Feb 98	18.89	18.83	19.00	+0.10	6,281
Est. sales: 33,810. Prev. sales: 39,438					
Prev. open int.: 171,916 off 4,601					
Stock Indexes					
SP COMP INDEX (CMER) 500 x index					
Sep 97	944.00	928.75	940.80	+4.40	179,976
Dec 97	953.50	941.00	951.00	+4.50	6,714
Mar 98	955.25	954.00	955.25	-1.65	2,297
Est. sales N.A. Fri's sales 78,796					
Fri's open int 189,685, off 515					
FTSE 100 (LIFFE) £25 per index point					
Sep 97	5090.0	4993.0	5062.0	+18.0	71,461
Dec 97	5145.0	5092.0	5127.0	+18.0	6,316
Mar 98	N.T.	N.T.	5172.0	+18.0	221
Est. sales: 10,599. Prev. sales: 13,416					
Prev. open int.: 77,998 off 734					
CAC 40 (MATIF) FF200 per index point					
Aug 97	3014.0	2961.0	2985.0	— 14.0	26,196
Sep 97	3018.0	2973.0	2993.5	— 14.5	72,755
Dec 97	3000.5	3000.5	3018.0	— 14.5	928
Est. sales: 15,326.					
Open int.: 68,895 off 2,250.					

Commodity Indexes

	Close	Previous
Moody's	1,563.90	1,554.30
Reuters	1,920.20	1,924.10
D.J. Futures	151.12	151.95
CRB	243.81	243.73

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

EUROPE

Incentive's Net Soars On Sale of Shares in ABB and Electrolux

Compiled by Our Staff From Dispatches

STOCKHOLM — Incentive AB, one of the main investment companies of the Wallenberg family of Sweden, said Monday that its net profit rose almost tenfold in the first half after it sold shareholdings in the engineering company ABB AB and the household goods maker Electrolux AB.

Profit after taxes rose to 9.81 billion kronor ($1.23 billion), on a sales that decreased 3 percent, to 10.309 billion kronor.

The share sales represented part of a restructuring of Incentive's activities, and financed the acquisition of Vivra Inc., a U.S. medical care company. The sale of half of Incentive's holding in ABB AB, the Swedish co-owner of the Swiss-Swedish engineering company ABB Asea Brown Boveri Ltd., produced a capital gain of 8.5 billion kronor.

Incentive said it would continue to focus the operations of the group on its core business of medical technology through the further sale of various business.

"The strategic transformation of the group during the period was substantial, resulting in a more streamlined and focused structure, an improved financial position and a much stronger position in the core area of medical technology," it said.

Incentive acquired and merged Vivra, a U.S. dialysis-clinic chain, with Gambro AB in May, making it the No. 2 dialysis-services company in the world.

The company also said it was investigating the possibility of listing Munters AB, a leading maker of dehumidifiers and humidifiers for industrial use. Munters, which is an independent company within Incentive, has annual sales are about 2 billion kronor.

Incentive's shares rose 32 kronor, or 4.57 percent, to 731 kronor.

(Bloomberg, Reuters)

■ Sales Lift Munksjoe's Net

Munksjoe AB said its first-half net almost tripled, to 192 million kronor, as the forestry company booked one-time gains from the sale of stakes in its units Ljungdahls AB and AB Cerbo and as sales rose, Bloomberg News reported.

Forestry companies such as Stora Kopparbergs Bergslags AB and Georgia-Pacific Corp. of the United States saw their 1996 earnings collapse as pulp prices fell in 1995. The price for pulp rose 10 percent in the second quarter on the Helsinki Futures and Options Exchange.

Munksjoe made a one-time gain of 50 million kronor from the sale of Cerbo in the first quarter. It also made a gain of 32 million kronor from the sale of Ljungdahls to Bongs Fabriker AB, a Swedish maker of paper, in the second quarter.

The company's shares rose 3 kronor to 86 kronor in Stockholm.

Pretax Profit Rises 73% at Continental AG

Compiled by Our Staff From Dispatches

HANNOVER, Germany — Continental AG said Monday that its pretax profit rose 73 percent in the first half and that the tiremaker expected a significant increase in net profit for the year.

The profit increase to 208 million Deutsche marks ($111.5 million), which came on sales growth of only 5 percent, to 5.35 billion DM, was due to improved efficiency and strong profit growth at its Continental General Tire division, the company said.

Continental said last month that it would reduce annual costs by 35 million DM, in part through an agreement to increase the workweek at a factory near Hannover to 38.75 hours from 37.5 hours.

Continental also said Monday that the European Commission did not intend to block its planned venture with Michelin SA of France. Continental shares closed in Frankfurt at 49.99 DM, down 1.89.

(Reuters, Bloomberg)

African Union? A Bit Closer

Reuters

JOHANNESBURG — African economic union is still a far-off dream, but the continent's leaders say they are getting the regional building blocks in place.

Several years of good growth after decades of turmoil have allowed them to take their first timid steps toward what many analysts still consider an impracticable ideal.

At the Organization of African Unity summit in Zimbabwe in June, leaders held the first meeting of the African Economic Community, 17 years after the plan was hatched.

The aim is bold: to create an African common market for the 54 countries on the continent. But the timetable is a bit more sober: to achieve it by 2030.

The African Economic Community is supposed to merge existing regional economic groupings, on a poor continent still plagued by conflict, into a single organization along the lines of the European Union.

"In the 1980s, some countries were socialist, and policy divided us," Kenneth Kotelo, an economist, of the Africa Institute in Pretoria, said. "For the first time now, Africa is pursuing a common economic policy, and market reforms have been embraced."

Mr. Kotelo added, "But I don't see a single economic community materializing by 2030. You would need to have the regional economic forums functioning first, but at the moment they are not."

More than half a dozen such groups exist, with differing aims and largely limited success.

President Robert Mugabe of Zimbabwe, the current OAU chairman, said, "In these institutions lies the embryonic form of community Africa seeks to achieve via political and economic integration."

In the past it has been cheaper and easier for most African countries, whose economies are still based largely on raw materials and commodities, to trade with their former colonial masters than with their neighbors. This is what they want to change.

African growth has risen from less than 1 percent in 1992 to more than 5.5 percent last year, and the upward trend is expected to continue. But population growth, at about 3 percent a year, is still a burden on a continent of a billion people.

Market reform and privatization, led by Uganda and Zambia, have yet to be matched by a boost in foreign investment despite considerable inflows from Asia, led by Malaysia.

President Yoweri Museveni, who has turned Uganda into an economic model, said, "Now that African economies are beginning to grow, basing themselves on private enterprise, we must think of one additional factor — the size of the market."

The brightest star is the southern region, where the end of apartheid in 1994 brought Africa's long-isolated powerhouse, South Africa, into the fold.

Its membership in the Southern African Development Community turned what had been a self-help group for "frontline states" in the struggle against apartheid, South Africa's old system of white-minority rule, into Africa's strongest economic bloc.

Altana Plunges 23% on Drug News

AFX News

FRANKFURT — Shares of Altana AG plunged 23 percent Monday after the company said it was abandoning clinical trials of a successor to its Pantoprazole ulcer medication.

While the company did not officially announce the abandonment of the third phase of the trials, a spokesman did confirm that the drug — a so-called reversible proton pump inhibitor — had an unsatisfactory risk profile.

Phase III of clinical trials is the final stage before a company applies for regulatory approval to market a drug. Although most companies will not enter that phase without being confident a drug will succeed, the failure rate is still one in four.

Altana would not say how much it had spent to develop the drug, but analysts said the company had probably invested tens of millions of dollars.

The loss in potential earnings would also be considerable. There are no similar drugs on the market, and some industry specialists said the drug could have brought Altana as much as 500 million Deutsche marks ($268 million) in annual sales.

Altana shares ended the official floor-trading session in Frankfurt 43.50 DM lower, at 143.50.

IBCA Talks of Merger With Fitch of U.S.

Compiled by Our Staff From Dispatches

PARIS — The European credit-rating agency IBCA Ltd. and the U.S. ratings agency Fitch Investors Service Inc. have begun talks on merging their activities, Fimalac Communication, IBCA's parent company, said Monday.

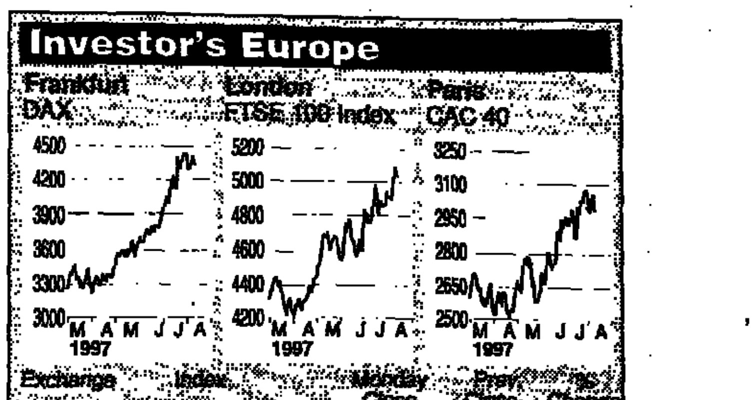
A deal would tie the mostly American operations of Fitch, which earned about $10 million on sales of $65 million in 1996, with IBCA's mostly European, Asian and Latin American operations. Fitch is the third largest credit-rating agency in the United States.

Bringing the two companies together would link Fitch's expertise in municipal-bond and asset-backed bond issues — such as credit-card securitizations — with IBCA's specialization in rating sovereign nations, banks and other financial borrowers.

Mark Gross, IBCA's senior vice president, said a combined company would be a "formidable competitor," to Standard & Poor's Corp. and Moody's Investor Service Inc. Fimalac, which has interests in precious metals, chemicals and real estate, said earnings in 1996 rose 60 percent, to 310.5 million francs ($53.5 million).

(AFX, Bloomberg)

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	973.07	996.18	-2.32
Brussels	BEL-20	2,420.57	2,431.48	-0.45
Frankfurt	DAX	4,333.13	4,354.15	-0.48
Copenhagen	Stock Market	633.16	635.61	-0.39
Helsinki	HEX General	3,600.54	3,609.73	-0.25
Oslo	OBX	715.80	717.24	-0.20
London	FTSE 100	5,031.10	5,037.20	-0.12
Madrid	Stock Exchange	594.61	594.84	-0.04
Milan	MIBTEL	14375	14572	-1.35
Paris	CAC 40	2,983.44	2,996.27	-0.43
Stockholm	SX 16	3,615.83	3,592.41	+0.65
Vienna	ATX	1,425.59	1,432.67	-0.49
Zurich	SPI	3,715.18	3,738.00	-0.61

Source: Telekurs — International Herald Tribune

Very briefly:

- **ABN-AMRO Holding NV**, the Dutch bank, plans to shed 50 jobs at its Frankfurt unit, **Frankfurter Kredietbank**, as part of a reorganization of its underperforming German operations.
- **BASF AG**, Germany's second-largest chemicals and pharmaceuticals maker, bought the polystyrene plastics businesses of the U.S.-based **Monsanto Co.** and Brazil's **Unigel Group** for an undisclosed amount.
- **Psion PLC** shares surged nearly 8 percent to 22.5 pence Monday after a published report said the maker of hand-held computers was unable to keep up with demand for its new Series 5 model.
- **Russia's** privatization committee and attorney general found that last week's sale of the state's 38 percent stake in the nickel producer **Norilsk Nickel** to a group representing Russia's **Oneximbank** was properly executed, the Interfax news agency reported; Prime Minister Viktor Chernomyrdin had demanded an examination of whether the sale conformed to Russian legislation.
- **Framatome SA**, a French nuclear-reactor maker, said it would remain interested in buying **Westinghouse Electric Corp.**'s nuclear unit even if the U.S. company spurned its offer and spun the unit off.
- **South African Breweries Ltd.** is in talks to buy a stake in **Nile Breweries** of Uganda as part of its plan to expand in Africa.
- **Marley PLC**, a British building-materials company, bought the Flexco flooring business of the U.S.-based **Robbins Inc.** for $39.2 million in a move that extended its U.S. distribution network.
- **The Bundesbank** said that its president, Hans Tietmeyer, continued to support the current president of the European Monetary Institute, Wim Duisenberg, as head of the future European Central Bank.

Bloomberg, Reuters, AFX

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	176.73	-2.42	-1.35	+18.50
Regional Indexes				
Asia/Pacific	130.01	-4.26	-3.17	+5.33
Europe	186.21	-2.51	-1.33	+15.51
N. America	207.35	-1.82	-0.87	+28.06
S. America	171.48	-1.20	-0.69	+49.86
Industrial Indexes				
Capital goods	228.18	-3.88	-1.67	+33.50
Consumer goods	190.90	-3.89	-2.00	+18.26
Energy	198.82	+0.41	+0.21	+16.53
Finance	134.78	-2.73	-1.99	+15.73
Miscellaneous	189.94	-2.10	-1.09	+17.41
Raw Materials	193.28	-0.90	-0.46	+10.21
Service	167.03	-2.74	-1.61	+21.64
Utilities	168.16	-1.45	-0.85	+17.22

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. — Compiled by Bloomberg News.

WORLD STOCK MARKETS

Monday, Aug. 11
Prices in local currencies.
Telekurs

Amsterdam
AEX index: 972.87 Previous: 996.16

	High	Low	Close	Prev.
ABN-AMRO	49.30	48	48.30	50.50
Aegon	156	153	153.70	156.70
Ahold	60.60	58.10	58.40	62.10
Akzo Nobel	347	340	343	346
Baan Co.	147.90	144	144.80	149.50
Bols Wess cva	41.90	40.90	41	42.50
CSM cva	111	106.70	110.50	111.90
Dordtsche Pet	114.50	109.50	112.90	115
DSM	212.70	209	211.80	210.50
Elsevier	33.90	32.60	32.80	32.90
Fortis Amev	91.80	88.50	89.60	93.30
Getronics	73.50	69	73.50	71.50
G-Broc cva	66	64.60	64.80	66
Hagemeyer	115.50	112.50	113.90	116.50
Heineken	329.50	323.50	325	327.50
Hoogovens cva	126.50	125	125.30	128.50
Hunt Douglas	95.40	93.40	93.50	95.50
ING Group	100.20	98.60	98.80	101.50
KLM	76	74	74.10	77.20
KNP BT	49.10	48.20	48.30	49.20
KPN	82.60	81.60	82.50	84
Nedlloyd Gp	66.40	65.10	66.10	67.20
Nutricia	361	358	360	363.70
Oce Grinten	259	255.50	256.90	260
Philips Elec	168.50	165	165.30	171.30
Polygram	121	118.20	118.50	121
Randstad Hdg	89.50	86	87.40	90
Robeco	206	203.50	203.60	208.80
Rodamco	63.80	62.60	62.60	64.80
Rolinco	208.30	207.20	207.60	211.80
Rorento	119	117.80	117.80	118.70
Royal Dutch	114.40	110.50	112.40	114.40
Unilever cva	482.90	475	480	484
Vendex Intl	112	110.30	111.80	113.40
VNU	46.90	45.70	46.10	46.90
Wolters Kl cva	289.40	277.50	285.50	282

Bangkok
SET index: 632.25 Previous: 634.85

	High	Low	Close	Prev.
Adv Info Svc	234	224	226	236
Bangkok Bk F	240	226	226	230
Krung Thai Bk	31.75	30.50	30.50	31.50
PTT Explor	408	400	408	398
Siam Cement F	700	640	680	640
Siam Com Bk F	139	135	135	135
Telecomasia	44	42	42	43.25
Thai Airways	54	50.50	51	51.50
Thai Farm Bk F	155	148	149	148
Utd Comm	138	136	136	136

Bombay
Sensex 30 index: 4481.30 Previous: 4397.54

	High	Low	Close	Prev.
Bajaj Auto	910	879	903	875.75
Hindust Lever	1545	1505	1542.25	1532.75
Hindust Petm	510	494	501.25	491.50
Ind Dev Bk	108	105.25	107.50	105.50
ITC	591	573.50	578	582.25
Mahanagar Tel	289.75	284.50	285.25	284.25
Reliance Ind	382.50	371.50	381.25	371
State Bk India	334.50	327.50	334.50	325.50
Steel Authority	24.25	23.75	24.25	23.25
Tata Eng Loco	381.75	372	381.50	371

Brussels
BEL-20 index: 2420.57 Previous: 2431.48

	High	Low	Close	Prev.
Almanij	16800	16650	16750	16850
Barco Ind	7600	7370	7500	7600
BBL	8980	8940	8950	8980
CBR	3340	3185	3325	3215
Colruyt	17750	17100	17700	17600
Delhaize Lion	1870	1840	1860	1890
Electrabel	7690	7650	7660	7670
Electrafina	3595	3570	3570	3590
Fortis AG	7660	7590	7590	7700
Gevaert	3430	3310	3430	3350
GBL	5960	5900	5930	5930
Gen Banque	14700	14100	14600	14300
Kredietbank	15000	14400	14875	14700
Petrofina	14250	13800	14000	14100
Powerfin	4910	4870	4870	4895
Royale Belge	10500	10300	10450	10600
Soc Gen Belg	3485	3400	3475	3460
Solvay	21100	20600	20900	21100
Tractebel	14775	14675	14700	14725
UCB	126000	122500	122650	126950

Copenhagen
Stock index: 633.16 Previous: 635.61

	High	Low	Close	Prev.
BG Bank	395	389	393	394
Carlsberg B	346	340	341.50	343
Codan Fors	960	950	960	970
Danisco	382	375	377	382
Den Danske Bk	717	707	717	713
D/S Svendborg B	435000	435000	435000	435000
DS 1912 B	299000	295000	298000	305000
FLS Ind B	242	240	240	245
Kob Lufthavne	730	724	728	730
Novo Nordisk B	735.74	704	707	714
Sophus Ber B	985	968	985	973
Tele Danmk B	394.39	384	388.45	389
Tryg Baltica	414	410	410	412
Unidanmark A	424	411.41	424	422

Frankfurt
DAX: 4333.13 Previous: 4354.15

	High	Low	Close	Prev.
AMB B	1840	1780	1780	1848
Adidas	231	228	231	228.50
Allianz Hdg	441	438.20	441	443.50
Altana	150	137	143.50	187
Bk Berlin	48.75	47.75	48.75	48.75
BASF	72	71.05	71.30	71.60
Bayer Hypo Bk	72.70	71.45	72.10	72.50
Bay Vereinsbank	95.70	95	95.50	98.10
Bayer	76.70	76.10	76.50	76.65
Beiersdorf	90.50	89	90.40	90
Bewag	40.90	40.50	40.70	40.40
BMW	1425	1415	1418	1441
CKAG Colonia	183	180	181.20	181.30
Commerzbank	69.40	65.95	69.10	66.55
Daimler Benz	148.20	146.30	146.90	147.45
Degussa	103	100.50	100.50	102.30
Deutsche Bank	117.70	116.40	117.40	118.80
Deut Telekom	42.70	42.10	42.70	42.60
Dresdner Bank	81.70	80	81.50	81.20
Fresenius	330	329.10	329.10	329.80
Fresenius Med	155	152.50	155	150.30
Fried. Krupp	328.50	325	328	320
Gehe	114	111.50	113.40	111
Heidelbg Zmt	153	148	151	150
Henkel pfd	100.50	99.70	100.50	101.20
HEW	462	462	462	455
Hochtief	89	86	88.80	88.50
Hoechst	83.80	82.50	83.20	83.30
Karstadt	704	695.50	698	703
Lahmeyer	100	96.50	100	98.50
Linde	1415	1380	1387	1400
Lufthansa	36.40	35.30	36.10	35.02
MAN	547	545	546	547.50
Mannesmann	862.50	855	859	862
Metallgesellschaft	43.35	42.90	43.10	42.42
Metro	96.80	96	96	96.20
Munch Rueck R	6615	6550	6600	6630
Preussag	570	563	565.30	567
RWE	84.30	83.30	82.50	84.60
SAP pfd	431	427	428.50	437
Schering	209.50	206.20	208.90	209.10
SGL Carbon	252.50	249	251	251
Siemens	125.30	123.75	125.20	126.65
Springer (Axel)	1597	1558	1585	1560
Suedzucker	878	878	878	878
Thyssen	425	420	424	413
Veba	109.60	108.20	109.50	110.40
VEW	585	570	585	576
Viag	797	776	789	785.50
Volkswagen	1332	1324	1325	1346

Helsinki
HEX General index: 3600.54 Previous: 3609.73

	High	Low	Close	Prev.
Enso A	50	49	50	50.50
Huhtamaki I	239	237	238	240
Kemira	51.50	49.50	50	50.50
Kesko	75.50	75.20	75.40	75.50
Merita A	23.30	22.80	22.90	23.50
Metra B	186	184	186	185
Metso-Serla B	50	48.80	49.40	49.20
Neste	145	138	144	137
Nokia A	473	461	469	471
Orion-Yhtymae	199	198	198.90	199
Outokumpu A	105.50	104.70	105	105.50
UPM-Kymmene	139.50	135.10	138.10	136.30
Valmet	86	84	85	85.50

Hong Kong
Hang Seng: 16468.47 Previous: 16647.54

	High	Low	Close	Prev.
Amoy Props	9.60	9.25	9.30	9.70
Bk East Asia	31.30	30.70	31	31.20
Cathay Pacific	14.55	13.50	14.35	13.90
Cheung Kong	95.50	92.50	93.75	96.25
CK Infrastruct	27.10	26.85	26.90	27.30
China Light	44.30	43.60	44	42.80
Citic Pacific	52	49.70	51.50	51.25
Dao Heng Bk	46.30	45.70	46.30	47
First Pacific	9.50	9.35	9.45	9.65
Hang Lung Dev	15.45	15.05	15.15	15.55
Hang Seng Bk	109	100	108.50	103
Henderson Inv	8.80	8.65	8.65	8.85
Henderson Ld	74	71.50	71.50	75.25
HK China Gas	16.80	16.30	16.60	16.65
HK Electric	31.50	30.80	30.80	31.50
HK Telecomm	19.35	19.10	19.20	19.40
Hopewell Hdgs	4.80	4.58	4.67	4.70
HSBC Hdgs	277	267	269	273
Hutchison Wh	80.75	79	79.50	80.75
Hysan Dev	26.60	26.20	26.55	26.75
Johnson El Hdg	20.50	20.50	20.50	20.50
Kerry Props	21	20.65	20.80	20.95
New World Dev	57.50	56	57.50	58.75
Oriental Press	2.92	2.88	2.90	2.92
Pearl Oriental	1.36	1.22	1.31	1.25
SHK Props	104	100	102	104.50
Shun Tak Hdgs	4.90	4.78	4.80	4.85
Sino Land Co.	8.25	8.10	8.15	8.40
Sth China Post	7.85	7.45	7.45	7.85
Swire Pac A	71.50	70.50	71	72
Wharf Hdgs	33.30	32	32.70	33.50
Wheelock	19	18.80	18.95	19.30

Jakarta
Composite index: 658.17 Previous: 675.44

	High	Low	Close	Prev.
Astra Intl	7825	7700	7750	7900
Bk Int'l Indon	1625	1575	1625	1575
Bk Negara	1450	1400	1400	1425
Gudang Garm	8900	8625	8625	8850
Indocement	3925	3800	3825	3875
Indofood	N.T.	N.T.	N.T.	5200
Indosat	7300	7100	7150	7425
Sampoerna HM	8525	8225	8250	8325
Semen Gresik	3875	3600	3875	3800
Telekomunikasi	3850	3650	3675	3850

Johannesburg
All Market: 7572.22 Previous: 7599.20

	High	Low	Close	Prev.
Amalgamatd Bks	32.60	32.10	32.35	32.35
AngloAm Coal	256.50	256.50	256.50	256.50
AngloAm-Corp	268.50	268	268.75	268.75
AngloAm Gold	259	258	255	253
AngloAm Ind	208.50	207	208	208
AVMIN	11.50	11.30	11.55	11.55
Barlow	60.50	60	60.50	60.50
C.G. Smith	26	25.75	25.75	25.75
De Beers	171	170.50	171.75	171.75
Driefontein	34	33.60	33.75	33.75
Fst Natl Bk	38.50	38.30	38.50	38.50
Gencor	10.70	10.50	10.60	10.60
GFSA	96.50	95	94	94
Imperial Hdgs	60.75	60.25	61	61
Ingwe Coal	24.80	24.50	24.75	24.75
Iscor	3.15	3.09	3.11	3.11
Johnnies Indl	63.75	63.50	65	65
Liberty Hdgs	374	372	376	376
Liberty Life	143.50	143	144.50	144.50
LibLife Strat	18.70	18.60	18.80	18.80
Minorco	97.25	96.50	97.50	97.50
Nampak	19	19	19.25	19.25
Nedcor	99.75	99.25	100.25	100.25
Rembrandt Gp	47.05	46.85	47.30	47.30
Richemont	67.75	67	67.75	67.75
Rust Platinum	84.50	84	84	84
SA Breweries	146.50	144.50	145.50	145.50
Samancor	39.75	39.50	40	40
Sasol	59	58.25	59	59
SBIC	220	219	221	221
Tiger Oats	78.75	78.25	79.25	79.25

Kuala Lumpur
Composite: 902.14 Previous: 922.34

	High	Low	Close	Prev.
AMMB Hdgs	12.20	11.70	11.90	12.20
Genting	10.70	10.30	10.50	10.70
Mal Banking	22.30	21.60	21.70	22.40
Mal Intl Ship F	Susp.	Susp.	Susp.	6.95
Petronas Gas	9.10	8.70	8.80	9.10
Proton	10.30	9.45	9.50	10.30
Public Bk	3.62	3.42	3.46	3.62
Renong	3.40	3.18	3.36	3.32
Resorts World	7.40	7.05	7.10	7.35
Rothmans PM	23.50	23.30	23.50	23.60
Sime Darby	7.75	7.60	7.70	7.70
Telekom Mal	9.05	8.65	8.70	9
Tenaga	9.80	9.20	9.35	9.80
Utd Engineers	16.10	15.20	15.50	16.10
YTL	6.90	6.50	6.80	6.95

London
FT-SE 100: 5031.10 Previous: 5031.39

	High	Low	Close	Prev.
Abbey Natl	8.40	8.27	8.30	8.45
Allied Domecq	4.60	4.50	4.56	4.55
Anglian Water	7.87	7.79	7.83	7.90
Argos	6.69	6.57	6.58	6.52
Asda Group	1.48	1.44	1.48	1.47
Assoc Br Foods	5.59	5.46	5.52	5.48
BAA	5.75	5.58	5.75	5.65
Barclays	14.25	13.80	14.07	14.18
Bass	8.47	8.30	8.40	8.37
BAT Ind	5.03	4.91	4.99	5.09
Bank Scotland	4.43	4.27	4.41	4.36
Blue Circle	4.52	4.42	4.48	4.47
BOC Group	11.85	11.65	11.73	11.74
Boots	7.98	7.88	7.94	7.98
BPB Ind	3.72	3.61	3.67	3.63
Brit Aerosp	15.08	14.80	15.05	14.83
Brit Airways	6.47	5.72	6.41	6.45
BG	2.55	2.43	2.50	2.45
Brit Land	6.10	5.93	6.10	6
Brit Petm	8.97	8.82	8.90	8.99
BSkyB	4.90	4.65	4.84	4.73
Brit Steel	1.70	1.66	1.69	1.68
Brit Telecom	4.43	3.70	3.85	4.26
BTR	1.92	1.86	1.88	1.96
Burmah Castrol	11.12	10.80	11.12	10.90
Burton Gp	1.30	1.29	1.30	1.29
Cable Wireless	6	5.88	5.92	5.98
Cadbury Schw	6.27	6.04	6.20	6.19
Carlton Comm	4.92	4.77	4.87	4.84
Coml Union	7.52	7.27	7.45	7.41
Compass Gp	6.18	6.13	6.18	6.15
Courtaulds	3.50	3.42	3.48	3.40
Dixons	6.08	5.89	6.07	6.03
Electrocomponents	4.74	4.68	4.71	4.71
EMI Group	5.82	5.58	5.75	5.68
Energy Group	6.30	6.25	6.26	6.26
Enterprise Oil	7.35	7.25	7.34	7.30
Fam Colonial	1.80	1.77	1.79	1.79
Genl Accident	9.50	8.43	9.46	9.38
GEC	3.99	3.90	3.98	3.98
GKN	12.37	12.10	12.31	12.26
Glaxo Wellcome	13.16	12.61	12.87	12.89
Granada Gp	8.22	8.08	8.18	8.14
Grand Met	5.95	5.85	5.86	5.95
GRE	3.06	2.97	3.06	3
Greenalls Gp	4.57	4.50	4.57	4.48
Guinness	5.90	5.80	5.83	5.92
GUS	6.44	6.28	6.41	6.36
Hays	6.05	6	6.04	6.03
HSBC Hldgs	23.17	21.77	22.35	21.94
ICI	10.92	10.70	10.86	10.83
Impl Tobacco	3.97	3.87	3.94	3.89
Kingfisher	7.37	7.23	7.32	7.28
Ladbroke	2.53	2.40	2.52	2.45
Land Sec	9.49	9.33	9.45	9.41
Lasmo	2.82	2.78	2.81	2.78
Legal Genl Grp	4.53	4.40	4.52	4.47
Lloyds TSB Gp	7.68	7.37	7.63	7.52
LucasVarity	2.20	2.17	2.18	2.18
Marks Spencer	5.97	5.90	5.92	5.97
MEPC	5.05	4.89	5.05	4.98
Mercury Asset	13.75	13.60	13.66	13.95
National Grid	2.52	2.46	2.51	2.51
Natl Power	5.37	5.18	5.33	5.25
NatWest	8.40	8.33	8.32	8.41
Next	8.35	7.93	8.03	7.99
Norwich Union	3.23	3.18	3.19	3.26
Orange	2.10	2.06	2.08	2.09
P&O	6.37	6.22	6.32	6.28
Pearson	7.85	7.70	7.76	7.80
Pilkington	1.55	1.48	1.51	1.48
PowerGen	7.25	7	7.22	7.05
Premier Farnell	5.40	5.30	5.34	5.29
Prudential	6.25	6.07	6.25	6.13
Railtrack Gp	7.87	7.70	7.82	7.88
Rank Group	3.52	3.42	3.45	3.48
Reckitt Colm	9.82	9.70	9.70	9.91
Redland	3.20	3.03	3.10	3.05
Reed Intl	5.80	5.58	5.78	5.68
Rentokil Initial	2.32	2.23	2.29	2.28
Reuters Hdgs	6.84	6.66	6.77	6.75
Rexam	2.96	2.87	2.87	2.94
RMC Group	11.25	10.95	11.19	11.05
Rolls Royce	2.55	2.50	2.54	2.53
Royal Bk Scot	6.31	6.18	6.25	6.30
RTZ reg	10.67	10.48	10.66	10.70
Royal & Sun All	5.54	5.37	5.51	5.42
Safeway	3.86	3.79	3.83	3.87
Sainsbury	4.48	4.31	4.37	4.38
Schroders	18.48	18.29	18.48	18.49
Scot Newcastle	7.43	7.32	7.38	7.38
Scot Power	4.47	4.35	4.42	4.38
Securicor	2.86	2.84	2.84	2.84
Severn Trent	8.29	8.16	8.25	8.23
Shell Transp R	4.49	4.32	4.40	4.43
Siebe	11.64	11.40	11.62	11.47
Smith Nephew	1.75	1.73	1.75	1.74
SmithKline	11.66	11.41	11.43	11.47
Smiths Ind	8.70	8.62	8.70	8.71
Sthern Elec	4.52	4.47	4.47	4.60
Stagecoach	6.53	6.35	6.52	6.45
Stand Charter	10.57	10.37	10.57	10.60
Tate & Lyle	4.13	4.10	4.10	4.15
Tesco	4.17	4.11	4.17	4.17
Thames Water	7.95	7.78	7.92	7.80
3i Group	4.95	4.79	4.94	4.83
TI Group	6.14	6.01	6.06	6.18
Tomkins	3.41	3.23	3.28	3.31
Unilever	19.10	18.90	19	19.20
Utd Assurance	4.65	4.53	4.60	4.58
Utd News	6.72	6.65	6.71	6.73
Utd Utilities	7.12	6.96	7.12	6.99
Vendome Lx uts	4.92	4.70	4.92	4.69
Vodafone	3.16	3.11	3.15	3.15
Whitbread	8.27	8.19	8.20	8.36
Williams Hdgs	3.55	3.46	3.52	3.48
Wolseley	4.98	4.78	4.98	5.02
WPP Group	2.81	2.70	2.78	2.73
Zeneca	19.83	19.50	19.63	19.93

Madrid
Bolsa index: 595.46 Previous: 596.13

	High	Low	Close	Prev.
Acerinox	28000	27700	27720	28100
ACESA	1810	1765	1800	1780
Aguas Barcelon	5870	5710	5860	5800
Argentaria	8040	7920	8000	8080
BBV	4220	4150	4210	4220
Banesto	1445	1420	1440	1435
Bankinter	7650	7500	7540	7530
Bco Centro Hisp	5900	5810	5850	5880
Bco Popular	35390	34640	34800	35250
Bco Santander	4425	4355	4370	4455
CEPSA	4800	4705	4720	4750
Continente	3375	3200	3330	3290
Corp Mapfre	8680	8440	8560	8530
Endesa	3265	3100	3205	3130
FECSA	1290	1265	1290	1280
Gas Natural	6630	6540	6560	6680
Iberdrola	1860	1810	1855	1840
Pryca	3030	2925	2985	2975
Repsol	6250	6200	6220	6240
Sevillana Elec	1425	1385	1415	1395
Tabacalera	7800	7700	7740	7780
Telefonica	4155	4100	4140	4150
Union Fenosa	1240	1220	1240	1225
Valenc Cement	2775	2750	2775	2760

Manila
PSE index: 2572.43 Previous: 2647.82

	High	Low	Close	Prev.
Ayala B	17.75	17.25	17.50	17.75
Ayala Land	20.75	19.75	19.75	21
Bk Philip Isl	151	149	150	150
C&P Homes	9.80	9.30	9.40	9.80
Manila Elec A	87.50	86	87.50	89
Metro Bank	540	520	520	540
Petron	6	5.70	5.80	6.10
PCIBank	222	221	221	223
Phil Long Dist	920	890	900	940
San Miguel B	62	61	61	63
SM Prime Hdg	7.70	7.60	7.60	7.80

Mexico
Bolsa index: 3017.88 Previous: 3075.05

	High	Low	Close	Prev.
Alfa A	64.80	64.30	64.40	64.50
Banacci B	24.40	23.90	23.90	24.00
Cemex CPO	42.00	41.50	41.55	42.15
Cifra C	14.12	13.90	14.00	14.12
Emp Moderna	43.00	42.20	42.20	43.45
Gpo Carso A1	62.40	61.50	61.70	62.40
Gpo F Bcomer	3.60	3.38	3.53	3.60
Gpo Fin Inbursa	36.50	36.50	36.50	36.60
Kimb Clark Mex	36.45	35.20	35.55	36.45
Televisa CPO	126.50	125.50	126.00	126.50
TelMex L	21.05	20.60	20.60	20.90

Milan
MIB Telematico: 14375.00 Previous: 14572.00

	High	Low	Close	Prev.
Alleanza Assic	15190	14660	14890	15095
Bca Comm Ital	4185	4035	4110	4190
Bca Fideuram	5690	5490	5560	5655
Bca di Roma	1620	1560	1577	1596
Benetton	26500	25800	26050	26150
Credito Italiano	3485	3385	3415	3535
Edison	8455	8220	8305	8320
ENI	10475	10200	10200	10390
Fiat	5925	5785	5800	5970
Generali Assic	35850	35000	35100	35700
IMI	16850	16330	16650	16550
INA	2630	2570	2600	2585
Italgas	5410	5260	5260	5345
Mediaset	7900	7675	7775	7830
Mediobanca	11530	11235	11485	11675
Montedison	1142	1120	1131	1140
Olivetti	639	625	635	630
Parmalat	2605	2530	2600	2580
Pirelli	4855	4690	4700	4860
RAS	14980	14690	14730	14925
Rolo Banca	21450	20600	20700	21250
S Paolo Torino	13600	13220	13390	13730
Telecom Italia	11185	10900	10900	11150
TIM	6245	6040	6065	6125

Montreal
Industrials index: 3674.85 Previous: 3726.70

	High	Low	Close	Prev.
Bca Mob Com	50½	50	50	50
Cdn Tire A	27⅜	27¼	27.30	27.60
Cdn Util A	39.10	39.10	39.10	39.10
CT Finl Svc	44.40	44	44.40	44½
Gaz Metro	18¾	18.55	18.55	18.55
Gt-West Lifeco	33.85	33½	33.55	33¾
Imasco	41½	40.85	40.85	41.45
Investors Grp	37⅜	36.70	36.70	37.40
Loblaw Cos	20.60	20¼	20.60	21
Natl Bk Canada	17.60	17.30	17.35	17.40
Power Corp	38.80	38	38.10	39
Power Finl	38	37.65	37.85	38.40
Quebecor B	27½	27.30	27.30	27.30
Rogers Comm B	11.05	11.05	11.05	11.10
Royal Bk Cda	65½	64½	64½	65.35

Oslo
OBX index: 715.80 Previous: 717.24

	High	Low	Close	Prev.
Aker A	152	149	150	152
Bergesen Dy A	201	198	199.50	201
Christiania Bk	26.70	26	26.70	26.90
Den norske Bk	32.40	32	32.20	32.50
Elkem	156	153	154	156
Hafslund A	47	46	47	46
Kvaerner Asa	470	451	467	458
Norsk Hydro	414.50	408	413.50	411.50
Norske Skog A	293	288	291	291
Nycomed A	165	163	164.50	165.50
Orkla Asa A	565	545	555	558
Petm GeoSvc	442	428	432	442
Saga Petm A	155.50	151	155	155.50
Schibsted	134	131	134	134
Transocean Off	610	610	610	630
Storebrand Asa	48.70	48	48.70	48.70

Paris
CAC-40: 2983.44 Previous: 2996.27

	High	Low	Close	Prev.
Accor	985	964	974	984
AGF	213	210.10	212	212.50
Air Liquide	952	927	950	936
Alcatel Alsth	851	839	842	858
Axa-UAP	415.90	411.70	412.80	414.50
Bancaire	754	738	748	746
BIC	513	506	508	515
BNP	284.90	277.10	283.50	284.60
Canal Plus	1120	1100	1115	1120
Carrefour	4003	3952	3989	3971
Casino	283.50	275.50	278.20	279
CCF	338.50	330	335	335.30
Cetelem	714	682	688	708
Christian Dior	990	955	970	960
CLF-Dexia Fran	573	562	562	569
Credit Agricole	1265.10	1265.10	1265.10	1260
Danone	955	927	941	931
Elf-Aquitaine	682	672	677	682
Eridania BS	815	798	811	808
Eurodisney	9	8.90	8.90	9
Eurotunnel	7.15	7	7.15	7.25
Gen. Eaux	743	731	735	743
Havas	399.50	392.10	394.10	396.60
Imetal	848	838	838	843
Lafarge	437.90	430	436.80	440
Legrand	1189	1167	1185	1193
L'Oreal	2425	2360	2402	2400
LVMH	1536	1491	1514	1509
Michelin B	363	356.10	358	366
Paribas A	462.40	449.20	457.50	457.80
Pernod Ricard	315.70	307	313.50	314
Peugeot Cit	719	697	716	712
Pinault-Print	2720	2651	2669	2699
Promodes	2280	2241	2251	2279
Renault	165.50	160.20	164.50	165.50
Rexel	1658	1635	1647	1665
Rh-Poulenc A	252.40	242.70	249.80	249.20
Sanofi	646	623	628	638
Schneider	346.90	341	345	345
SEB	1035	998	1035	1011
SGS Thomson	571	566	567	573
Ste Generale	823	801	815	813
Sodexho	3009	2929	2955	3010
St Gobain	924	900	916	913
Suez (Cie)	15.85	15.80	15.85	16
Suez Lyon Eaux	652	639	648	651
Synthelabo	743	726	726	743
Thomson CSF	160	155.20	155.90	160
Total B	605	592	598	608
Usinor	115.90	113.10	114.70	116.80
Valeo	376	364.50	376	368.30

São Paulo
Bovespa index: 11979.78 Previous: 12129.00

	High	Low	Close	Prev.
Bradesco Pfd	11.30	11.00	11.20	11.30
Brahma Pfd	815.00	814.00	814.00	819.00
Cemig Pfd	56.10	55.45	55.45	56.00
CESP Pfd	79.00	77.50	77.50	79.00
Copel	17.50	17.50	17.50	18.00
Eletrobras	553.00	540.00	540.00	548.00
Itaubanco Pfd	650.00	640.00	650.00	650.00
Light Servicios	535.00	531.00	533.00	540.00
Lightpar	469.00	469.00	469.00	469.90
Petrobras Pfd	303.00	296.00	296.01	302.00
Paulista Luz	210.00	207.00	207.00	209.50
Sid Nacional	36.20	36.20	36.20	36.40
Souza Cruz	11.25	11.25	11.25	11.25
Telebras Pfd	151.80	147.20	149.50	149.70
Telemig	196.00	194.20	194.50	195.00
Telerj	164.00	162.80	164.00	163.00
Telesp Pfd	349.99	343.00	344.00	344.00
Unibanco	39.00	39.00	39.00	39.01
Usiminas Pfd	12.01	11.90	11.90	12.05
CVRD Pfd	28.10	27.80	27.90	27.80

Seoul
Composite index: 765.07 Previous: 752.01

	High	Low	Close	Prev.
Dacom	98000	93000	97400	96500
Daewoo Heavy	8530	8220	8350	7900
Hyundai Eng.	22500	21200	21800	20900
Kia Motors	14200	13600	13700	14000
Korea El Pwr	27500	27000	27200	27400
Korea Exch Bk	6000	5750	5830	5750
LG Semicon	48500	45000	48000	47500
Pohang Iron St	61900	60600	61400	60600
Samsung Display	48300	46700	48000	46700
Samsung Elec	72500	69400	71900	69500
Shinhan Bank	9850	9600	9670	9560
SK Telecom	499000	468000	490000	464000

Singapore
Straits Times: 1893.86 Previous: 1943.92

	High	Low	Close	Prev.
Asia Pac Brew	5.75	5.55	5.60	6
Cerebos Pac	5.60	5.45	5.45	5.65
City Devlts	12.30	11.70	11.70	12.20
Cycle Carriage	12.20	11.40	11.50	12.10
Dairy Farm Int *	0.91	0.87	0.88	0.92
DBS foreign	17.50	16.80	17.10	17.40
DBS Land	4.52	4.46	4.48	4.50
Fraser & Neave	10	9.75	9.85	10.20
HK Land *	3.38	3.18	3.18	3.42
Jard Matheson *	7.90	7.70	7.85	7.95
Jard Strategic *	4.18	4.04	4.08	4.18
Keppel A	6.05	5.90	5.95	6
Keppel Bank	3.76	3.70	3.70	3.76
Keppel Fels	4.96	4.74	4.78	5
Keppel Land	4.34	4.16	4.16	4.30
OCBC foreign	14.10	13.50	13.60	13.80
OS Union Bk F	8.85	7.90	8.35	8.50
Parkway Hdgs	6.30	6.25	6.25	6.30
Sembawang	6.55	6.45	6.50	6.55
Sing Air foreign	12.30	11.60	11.60	12.10
Sing Land	7.25	6.75	6.85	7.20
Sing Press F	27	25.50	25.80	26.40
Sing Tech Ind	3.72	3.68	3.70	3.72
Sing Telecomm	2.68	2.50	2.50	2.70
Tat Lee Bank	2.78	2.73	2.74	2.78
Utd Industrial	1.10	1.07	1.08	1.11
Utd O'Sea Bk F	14.20	13.70	13.80	13.70
Wing Tai Hdgs	3.80	3.70	3.72	3.80

*: In U.S. dollars.

Stockholm
SX 16 index: 3615.83 Previous: 3592.41

	High	Low	Close	Prev.
AGA B	111	109.50	110.50	111
ABB A	116.50	112	115	113.50
AssiDoman	237	231	233	237
Astra A	145.50	141.50	142	142
Atlas Copco A	250	244	247	250
Autoliv	290	287	287.50	290.50
Electrolux B	612	601	607	609
Ericsson B	369	358	366.50	364
Hennes B	330	324	325	325
Incentive A	736	695	731	699
Investor B	424.50	415	419	419
MoDo B	295	279	290	292
Nordbanken	287	275	284	276
Pharm/Upjohn	296.50	286	288	292.50
Sandvik B	258	250	257.50	256
Scania B	218	216	216.50	217.50
SCA B	192	186.50	191	189
S-E Banken A	99	93	98.50	94.50
Skandia Fors	340	325	339	331
Skanska B	344	340	343.50	345
SKF B	225	218	220	221
Sparbanken A	192	182	188	187
Stora A	141	135	138.50	137.50
Sv Handles A	278	265	272	269.50
Volvo B	230.50	221.50	228	225.50

Sydney
All Ordinaries: 2667.20 Previous: 2711.40

	High	Low	Close	Prev.
Amcor	8.42	8.25	8.27	8.46
ANZ Bking	10.32	10.18	10.19	10.40
BHP	17.16	16.70	17.01	16.99
Boral	4.04	3.90	3.92	4.10
Brambles Ind.	28.01	27.40	27.59	28.40
CBA	16.85	16.64	16.65	16.82
CC Amatil	15.90	15.70	15.75	16.14
Coles Myer	6.83	6.56	6.59	6.89
Comalco	6.96	6.89	6.89	7
CSR	5.17	5.08	5.12	5.20
Fosters Brew	2.67	2.60	2.64	2.67
Goodman Fld	1.98	1.93	1.96	2
ICI Australia	13.29	12.95	13.10	13.37
Lend Lease	29.85	29.30	29.41	30.05
MIM Hdgs	1.83	1.77	1.77	1.86
Nat Aust Bank	19.48	19.25	19.29	19.63
Nat Mutual Hdg	2.15	2.10	2.10	2.14
News Corp	6	5.91	5.92	6.07
Pacific Dunlop	3.61	3.54	3.57	3.60
Pioneer Int'l	4.93	4.84	4.84	4.97
Pub Broadcast	8.20	8	8.04	8.25
Rio Tinto	21.57	21.20	21.27	21.30
St George Bank	8.74	8.64	8.65	8.80
WMC	7.44	7.35	7.39	7.49
Westpac Bking	8.56	8.46	8.48	8.58
Woodside Pet	11.30	11.05	11.20	11.22
Woolworths	4.37	4.27	4.28	4.44

Taipei
Stock Market Index: 9897.27 Previous: 9923.84

	High	Low	Close	Prev.
Cathay Life Ins	153	149	153	148
Chang Hwa Bk	118.50	116	117.50	115.50
Chiao Tung Bk	76.50	73.50	73.50	71.50
China Develpmt	131.50	126	126.50	128
China Steel	32.10	30.80	31.50	30.30
First Bank	118.50	116	117.50	115
Formosa Plastic	66	64	65.50	64
Hua Nan Bk	126	123	125.50	122
Intl Comm Bk	58	57	58	56.50
Nan Ya Plastics	76	73	74.50	73
Shin Kong Life	106.50	102.50	105	101.50
Taiwan Semi	163	150	151	161
Tatung	47.50	47	47	47.10
Utd Micro Elec	140	129	130	138
Utd World Chin	65.50	63.50	65	64

Tokyo
Nikkei 225: 19824.18 Previous: 19604.46

	High	Low	Close	Prev.
Ajinomoto	1090	1040	1040	1100
All Nippon Air	708	690	691	710
Amway	3490	3420	3490	3490
Asahi Bank	871	855	855	872
Asahi Chem	605	590	590	596
Asahi Glass	1070	1040	1050	1070
Bk Tokyo Mitsu	2280	2230	2230	2290
Bk Yokohama	565	546	550	565
Bridgestone	2730	2680	2700	2790
Canon	3530	3460	3470	3600
Chubu Elec	2030	2010	2020	2050
Chugoku Elec	1980	1960	1960	1980
Dai Nipp Print	2760	2710	2720	2730
Daiei	889	820	889	825
Dai-Ichi Kang	1500	1450	1460	1520
Daiwa Bank	605	570	570	594
Daiwa House	1340	1320	1330	1340
Daiwa Sec	780	752	755	785
DDI	6890a	6650a	6710a	6950a
Denso	2760	2680	2680	2780
East Japan Ry	5410a	5310a	5310a	5450a
Eisai	2410	2360	2380	2450
Fanuc	5010	4840	4860	5150
Fuji Bank	1580	1520	1520	1560
Fuji Photo	4650	4470	4560	4700
Fujitsu	1610	1570	1580	1650
Hachijuni Bk	1120	1090	1090	1120
Hitachi	1300	1260	1280	1320
Honda Motor	3690	3600	3610	3780
IBJ	1730	1690	1690	1730
IHI	378	370	371	379
Itochu	518	502	510	520
Ito-Yokado	6690	6570	6630	6760
JAL	486	476	477	486
Japan Tobacco	9390a	9200a	9320a	9450a
Jusco	3410	3330	3380	3400
Kajima	568	545	545	560
Kansai Elec	2200	2160	2170	2210
Kao	1730	1700	1710	1760
Kawasaki Hvy	477	466	466	482
Kawa Steel	304	290	290	307
Kinki Nipp Ry	682	673	677	685
Kirin Brewery	1060	1020	1020	1070
Kobe Steel	172	167	167	175
Komatsu	807	798	803	811
Kubota	493	465	470	497
Kyocera	8950	8780	8810	9100
Kyushu Elec	1970	1950	1960	1970
LTCB	570	554	554	577
Marubeni	443	431	433	450
Marui	1970	1900	1900	1950
Matsu Comm	4540	4510	4540	4670
Matsu Elec Ind	2420	2350	2360	2440
Matsu Elec Wk	1360	1330	1330	1380
Mitsubishi	1270	1240	1260	1260
Mitsubishi Ch	297	286	286	295
Mitsubishi El	593	571	575	598
Mitsubishi Est	1600	1570	1590	1620
Mitsubishi Hvy	820	812	817	829
Mitsubishi Mat	640	631	631	640
Mitsubishi Tr	1740	1680	1680	1740
Mitsui	1090	1060	1060	1100
Mitsui Fudosn	1440	1390	1400	1440
Mitsui Trust	685	661	679	680
Murata Mfg	5430	5370	5370	5530
NEC	1560	1530	1530	1580
Nikko Sec	2350	2240	2280	2410
Nikon	611	595	595	599
Nintendo	10700	10400	10400	11000
Nipp Express	791	771	778	784
Nippon Oil	519	501	505	520
Nippon Steel	304	300	300	300
Nissan Motor	745	732	732	784
NKK	193	189	189	193
Nomura Sec	1710	1660	1670	1730
NTT	1180b	1140b	1150b	1220b
NTT Data	5050b	4950b	4960b	5140b
Oji Paper	599	586	586	620
Osaka Gas	275	269	269	280
Ricoh	1780	1730	1730	1810
Rohm	13900	13900	13900	14200
Sakura Bk	735	698	698	730
Sankyo	4280	4200	4200	4350
Sanwa Bank	1640	1590	1600	1650
Sanyo Elec	447	434	434	437
Secom	8320	8120	8130	8370
Seibu Rwy	5500	5350	5350	5500
Sekisui Chem	945	938	942	953
Sekisui House	1170	1140	1150	1170
Seven-Eleven	9000	8860	8860	9200
Sharp	1330	1300	1320	1340
Shikoku El Pwr	1940	1920	1930	1960
Shimizu	595	572	572	599
Shin-etsu Ch	3250	3140	3180	3290
Shiseido	2020	1970	1970	2030
Shizuoka Bk	1230	1200	1210	1250
Softbank	6110	6010	6020	6100
Sony	11700	11400	11400	11900
Sumitomo	1050	1000	1010	1060
Sumitomo Bk	1920	1870	1870	1920
Sumit Chem	436	421	421	447
Sumitomo Elec	1970	1940	1950	1970
Sumit Metal	276	265	268	280
Sumit Trust	1170	1150	1160	1190
Taisho Pharm	3030	2970	3010	3000
Takeda Chem	3590	3490	3490	3590
TDK	9700	9510	9550	9840
Tohoku El Pwr	1980	1960	1970	1970
Tokai Bank	1040	1020	1030	1050
Tokio Marine	1490	1450	1450	1490
Tokyo El Pwr	2260	2230	2240	2270
Tokyo Electron	7400	7250	7250	7540
Tokyo Gas	292	289	290	296
Tokyu Corp.	635	620	620	640
Tonen	1160	1110	1110	1160
Toppan Print	1890	1820	1820	1890
Toray Ind	792	758	770	792
Toshiba	719	706	710	721
Tostem	2480	2450	2460	2520
Toyo Trust	935	915	924	945
Toyota Motor	3220	3120	3140	3310
Yamanouchi	2960	2860	2860	2990

a: x 100; b: x 1,000

Toronto
TSE Industrials: 6830.77 Previous: 6895.15

	High	Low	Close	Prev.
Abitibi Cons.	26½	26.05	26.15	26.40
Alberta Energy	33.10	32¼	32.65	33.05
Alcan Alum	53.10	52.90	52.95	52.95
Anderson Expl	18.40	18.20	18.35	18.35
Bk Montreal	57¼	57.15	57.35	58
Bk Nova Scotia	65⅜	65.15	65⅜	65.80
Barrick Gold	33.20	32.80	33.05	32.90
BCE	41.95	40.90	41.05	42.05
BC Telecomm	35.55	35	35	35.70
Biochem Pharm	38⅜	37.45	37.45	38
Bombardier B	32.95	32½	32.55	33.10
Brascan A	0000	0000	0000	0000
Cameco	53.80	53.10	53.30	54
CIBC	39.35	38½	38.60	39.40
Cdn Natl Rail	69⅞	69½	69.60	69.40
Cdn Nat Res	37.40	37	37.20	37.10
Cdn Occid Pet	36⅜	36.15	36⅛	36⅜
Cdn Pacific	40.40	39¾	40	40.40
Cominco	37⅝	37⅜	37.60	38.05
Dofasco	30.10	29½	30	29⅞
Domtar	12.15	12	12	12.15
Donohue A	33.65	33.35	33.65	33.85
Du Pont Cda A	32.45	32.45	32.45	32.45
Edper Group	23.85	23.70	23.80	23.80
Euro-Nev Mng	42.70	42.40	42.65	42½
Fairfax Finl	390	389	389	390
Falconbridge	29½	28¾	28⅞	29⅛
Fletcher Chall A	24.15	24	24.10	24.20
Franco Nevada	64⅞	62⅝	64⅜	62½
Gulf Cda Res	10.30	10	10.05	10.20
Imperial Oil	74.90	74.55	74⅝	75
Inco	42	41.05	41.15	41.90
IPL Energy	52⅝	51.95	51.95	52.10
Laidlaw B	21.95	21.55	21.55	21.95
Loewen Group	47⅝	46⅛	46.90	47¾
Macmill Bloe	19.10	18½	18.55	19.30
Magna Intl A	88	87.20	87.60	87.30
Methanex	12.95	12.70	12¾	13
Moore	30	29⅝	29.90	30.40
Newbridge Net	65	62.35	62.40	64.20
Noranda Inc	30	29⅝	29.95	30
Norcen Energy	34⅛	33⅞	33⅞	33.90
Nthern Telecom	144	140⅛	141.20	144⅛
Nova	12.05	11.80	11.85	12.10
Onex	32.30	32	32.10	32⅛
Pancan Petlm	27	26.55	26⅛	26½
Petro Cda	26.60	26.15	26⅛	26½
Placer Dome	25.80	25	25.45	25⅛
Poco Petlm	13.95	13.70	13.70	13.90
Potash Sask	105½	103.55	104½	105.20
Renaissance	37.60	36.85	37.10	37
Rio Algom	35	34.30	34⅛	34.95
Rogers Cantel B	29⅛	29	29	29
Seagram Co	51	49⅞	50⅛	50.65
Shell Cda A	24.20	23.65	23.95	24.20
Suncor	45⅛	44.85	44.85	44.70
Talisman Eny	45	44	44⅛	44½
Teck B	27⅛	27⅛	27.65	28.05
Teleglobe	51	49⅞	50.20	50½
Telus	27.10	26	26.40	27
Thomson	35.40	34	34.35	35.45
TorDom Bank	43.20	42.55	42.60	43.30
Transalta	17.45	17.15	17.20	17.45
TransCda Pipe	27.45	27.10	27.20	27⅛
Trimark Finl	69.85	69	69.40	69.95
Trizec Hahn	32⅛	32	32.20	32.65
TVX Gold	6.95	6.65	6⅞	6.85
Westcoast Eny	27.30	27	27	27.45
Weston	100	93	100	99

Vienna
ATX index: 1425.59 Previous: 1432.67

	High	Low	Close	Prev.
Boehler-Uddeh	1025	995	1025	1027
Creditanst Pfd	598.95	574.20	598.95	590
EA-Generali	3195	3131.75	3190	3194.30
EVN	1614.90	1585	1614.90	1610
Flughafen Wien	520.60	515	524.30	521.50
OMV	1807	1792	1796	1819
Oest Elektriz	877	860	877	875.60
VA Stahl	580	565.35	573.50	578
VA Tech	2507.50	2450	2505	2490
Wienerberg Bau	2680	2652	2675	2691

Wellington
NZSE-40 index: 2598.40 Previous: 2534.45

	High	Low	Close	Prev.
Air N Zeald B	4.64	4.62	4.63	4.64
Brierly Invt	1.38	1.37	1.37	1.38
Carter Holt ord	3.60	3.50	3.51	3.63
Fletch Ch Bldg	4.38	4.34	4.35	4.41
Fletch Ch Eny	5.50	5.40	5.47	5.53
Fletch Ch Forst	1.95	1.93	1.94	1.96
Fletch Ch Paper	3.42	3.38	3.39	3.42
Lion Nathan	4	3.98	3.98	4.02
Telecom NZ	7.62	7.58	7.58	7.66
Wilson Horton	11.95	11.95	11.95	11.90

Zurich
SPI index: 3715.18 Previous: 3738.00

	High	Low	Close	Prev.
ABB B	2324	2291	2312	2301
Adecco B	578	550	550	579
Alusuisse R	1420	1402	1406	1421
Ares-Serono B	2600	2540	2600	2560
Atel R	870	870	870	870
Baer Hdg B	2260	2235	2260	2250
Baloise Hdg R	4035	3755	4035	3710
BK Vision	1252	1230	1240	1237
Ciba Spec Chem	141.50	138.50	140.75	142.50
Clariant R	1068	1053	1060	1074
Crd Suisse Gp R	215	202	205	208.50
Elektrowatt B	538	536	537	537
Ems-Chemie	6830	6750	6790	6830
ESEC Hdg	4825	4700	4800	4800
Holderbank B	1390	1351	1360	1392
Liechtenst LB B	593	593	593	593
Nestle R	1948	1924	1936	1953
Novartis R	2247	2202	2211	2242
Oerlikon Buehr R	150.50	145.50	150	146.25
Pargesa Hld B	1970	1950	1950	1950
PharmVisn B	977	970	974	983
Richemont A	2215	2200	2200	2210
Pirelli PC	343	338	341	347
Roche Hdg PC	14500	14200	14305	14520
SBC R	418.50	409	415	412
Schindler PC	1925	1850	1894	1920
SGS B	3085	3010	3050	3025
SMH B	914	896	896	905
Sulzer R	1190	1165	1172	1185
Swiss Reins R	2237	2161	2217	2186
Swissair R	2010	1947	1983	1970
UBS B	1643	1625	1634	1647
Winterthur R	1560	1471	1497	1515
Zurich Assur R	635	611	632	614

NASDAQ

Monday's 4 P.M.

The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.

The Associated Press.

NYSE

Monday's 4 P.M. Close

(Continued)

Results Fail To Sparkle at Top Firms in South Korea

Bloomberg News

SEOUL — Daewoo Heavy Industries Co. estimated Monday that its first-half net profit grew a sluggish 3.3 percent because of slow sales of industrial equipment, making it one of several South Korean companies to announce disappointing earnings news.

The company, which derives about 40 percent of its sales from making machinery, said its half-year net profit, based on unaudited figures, was about 38 billion won ($42.7 million), compared with 36.78 billion won a year earlier. Recurring profit, similar to operating earnings, dropped 10 percent, to 47 billion won.

The company's audited financial statements are scheduled to be released by Friday.

Besides the weak machinery sales, Daewoo said its profitability had suffered because of shipbuilding orders with low profit margins that it took several years ago. In recent months, South Korean shipyards have seen a significant surge in orders, but they have kept prices low to try to compete with Japanese builders, who benefited from the weakness of the yen in recent years.

Daewoo derives about a third of its profit from shipbuilding. It also makes the Tico compact car.

Meanwhile, Samsung Heavy Industries Co., another shipbuilder, posted a loss of 91.2 billion won for the first half because of a factory shutdown and low-margin shipbuilding orders.

The loss — which reversed a profit of 7.4 billion won a year earlier — came as the company closed some of its unprofitable construction-equipment and industrial-machinery factories, which account for a combined 30 percent of its sales. Low-margin shipbuilding orders also hurt, the company and analysts said.

Sales totaled 1.76 trillion won in the first six months, up 6 percent from 1.66 trillion won a year earlier, Hwang Kang Ho, a company spokesman, said.

"Given the first-half performance, Samsung may not be able to meet its sales and earnings target this year," Han Keum Hee, an analyst at Merrill Lynch & Co., said.

In another corporate report, Hyundai Motor Co., the biggest South Korean automaker, said first-half profit fell as the company offered interest-free loans to try to lift car sales. An executive said net profit was about 28 billion won, down 46 percent from a year earlier, while sales fell about 2.8 percent, to 5.4 trillion won.

The company's final numbers are to be disclosed Thursday.

Chaido Tsukimi/The Associated Press

TOUGH DAY — Tokyo traders following the fall in share prices Monday as the Nikkei stock average fell to 18,824.18, down 780.28 points, or 3.98 percent.

Where Oil Outshines Gold

Energy Booms as Mining Struggles in Papua New Guinea

Bloomberg News

PORT MORESBY, Papua New Guinea — Petroleum exploration and production in Papua New Guinea is booming, outperforming the nation's minerals industry that has been squeezed by lower gold prices.

World-class discoveries such as the Moran oil field in the country's remote highlands have helped to lift spending on petroleum exploration to its highest level in six years.

The minerals sector, however, has struggled as companies such as Rio Tinto Ltd. have reduced exploration budgets worldwide.

"On the mining side, it's been more subdued because we have a lot of industry concentrated on gold mining," Greg Anderson, executive director of the Papua New Guinea Chamber of Mining and Petroleum, said. "On the petroleum side, we've actually had a great deal of activity."

Petroleum exploration rose to 190 million kina ($135 million) in 1996, its highest level since 1990, when expenditure reached 225 million kina, according to figures published by the chamber, which represents 115 companies.

That compares with exploration spending last year of 41.9 million kina in the minerals sector, a level that marks a steady 70 percent decline over the past eight years.

This year, exploration has been further affected by the Bre-X saga, Mr. Anderson said. In neighboring Indonesia, Bre-X Minerals Ltd. announced what was said to be potentially the world's largest gold find, at Busang, but it was later found to be a hoax.

Another factor has been the fall in gold prices last month to near 12-year lows after the Reserve Bank of Australia's decision to sell two-thirds of its gold stocks.

"The Bre-X situation followed by the significant decline in the gold price has worried people worldwide and has had an impact everywhere," Mr. Anderson said.

The industry has been campaigning in Canada, at the annual convention and trade fair of the Prospectors and Developers Association there, with some results. A number of new licenses were applied for at the end of last year, Mr. Anderson said.

"Traditionally, a lot of our exploration has been driven from Australia, but we are starting to look at other areas in the world to maintain our exploration levels," he said. "We have had some cutbacks on exploration expenditure, but we've been promoting quite hard in Canada."

Papua New Guinea's government also is paying more attention to the resources industry, which accounts for more than 70 percent of the nation's export revenue.

At last month's election, the new government chose to split the mining and exploration portfolios in two. Traditionally, one minister has been appointed to oversee all of the resources industry.

The move to split the portfolios has won praise from the industry, though it did raise concern that there would not be enough funding for two ministries.

Investor's Asia

Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	16,460.47	16,647.54	-1.12
Singapore	Straits Times	1,893.86	1,943.92	-2.58
Sydney	All Ordinaries	2,667.20	2,711.40	-1.63
Tokyo	Nikkei 225	18,824.18	19,604.46	-3.98
Kuala Lumpur	Composite	902.14	932.36	-3.24
Bangkok	SET	632.25	636.85	-0.72
Seoul	Composite Index	765.07	760.84	+0.56
Taipei	Stock Market Index	9,897.27	9,993.54	-0.96
Manila	PSE	2,572.43	2,647.82	-2.85
Jakarta	Composite Index	658.17	675.44	-2.56
Wellington	NZSE-40	2,508.40	2,538.45	-1.18
Bombay	Sensitive Index	4,481.30	4,397.54	+1.90

Source: Telekurs International Herald Tribune

Talk of a Sale Lifts Hang Seng Bank's Shares

Compiled by Our Staff From Dispatches

HONG KONG — Hang Seng Bank Ltd. staged its biggest one-day rally since June on Monday even as other Hong Kong stocks tumbled, as investors speculated that the bank might be sold to Chinese interests.

Hang Seng Bank, a unit of HSBC Holdings PLC, rose 5.3 percent to close at 108.50 Hong Kong dollars ($14), up 5.50, while the 33-stock benchmark Hang Seng Index fell 1.1 percent, or 187.07 points, to close at 16,460.47.

Hang Seng Bank's chief executive, Alexander Au, has repeatedly denied that HSBC would sell all or part of Hang Seng. He said this month that the bank had no plans to seek Chinese shareholders to help its expansion on the mainland.

"It's all speculation," he said. "We have never had an approach from any Chinese bank."

Traders said there had been speculation talk that Hang Seng would issue new shares equivalent to 10 percent of its existing share capital to sell to Bank of China, one of China's largest commercial banks.

But Keith Irving, a banking analyst at Merrill Lynch & Co., said he would be surprised by such a move. "You can't say never on these things, but we certainly wouldn't see any political or financial sense to it," he said.

The Bank of China already controls about 25 percent of Hong Kong's retail banking market, giving it "corporate sovereignty in the local market," Mr. Irving said. If the Bank of China or any other Chinese party wanted to buy into a Hong Kong bank, he said, it would make more sense for it to pay less for a majority stake in a small bank than more for a minority stake in Hang Seng.

"It's hard to justify the rumors at this stage after the banks' repeated denial that any deal is on the way," Anthony Lok, banking analyst of W.I. Carr, said.

Chinese companies have increased their holdings in Hong Kong airlines, utilities and telecommunications companies in the past year. *(Bloomberg, Reuters)*

■ Li Holds Forth on Economy

Prime Minister Li Peng of China has called for a "rational" approach to China's transition to a market economy, Agence France-Presse reported from Beijing, quoting the Xinhua news agency.

"The first thing to do is rationally allocate resources and avoid repeat investment in major projects," Xinhua quoted Mr. Li as saying.

The prime minister was speaking at the seaside resort of Beidaihe, about 240 kilometers (150 miles) east of Beijing, where China's leadership was meeting to hammer out top-level personnel changes ahead of the 15th Communist Party Congress, scheduled for this autumn.

"Reducing production costs to make more competitive products is vital," Mr. Li said, adding that China should stress the technical upgrading of existing enterprises instead of starting many large new projects.

Very briefly:

• **Bakun Hydroelectric Corp.**, which will operate Malaysia's $5.3 billion Bakun Dam project, may delay its initial stock offering because of a dispute between the developer, **Ekran Bhd.**, and **Asea Brown Boveri Ltd.**, the lead contractor in the construction consortium.

• **Metro Pacific Corp.**, the Philippine flagship of Hong Kong's **First Pacific Co.**, said its net income climbed to 574.5 million pesos ($20 million) in the six months ended June 30, 46 percent higher than in the same period of 1996.

• **Cathay Pacific Airways Ltd.** appointed as a director Zhang Xianlin, vice president and a director of **China National Aviation Corp. (Group)** and executive director of **China National Aviation Corp. (Hong Kong).**

• **Sri Lanka's** Colombo stock exchange, with a market capitalization of 150 billion rupees ($2.5 billion), began a screen-based trading system able to handle 20,000 trades a day.

• **India** plans to pay 155 billion rupees ($4.34 billion) it owes to state-run oil companies by issuing 10-year bonds, the Petroleum Ministry said.

• **Telstra Corp.** is to become Australia's largest privatization to date, raising more than 10 billion dollars ($7.35 billion) from a sale in November of one-third of the government's stake in the telecommunications company.

• **Vietnam's** State Securities Commission submitted a draft plan for the country's first stock exchange.

• **Thailand** plans to raise as much as 75 billion baht ($2.5 billion) by selling shares in the country's Petroleum Authority; the International Monetary Fund has urged Bangkok to speed its privatization sales. *Bloomberg, AFX, AFP, AP, Reuters*

THAILAND: *IMF and Asian Nations Agree to a $16 Billion Rescue Package*

Continued from Page 1

Even more serious has been a massive bad debt problem caused by reckless overinvestment in real estate and factories.

After long denying the severity of its problems, the Thai government was forced last week to agree to emergency measures to restructure its economy in return for the loans announced Monday.

Other Asian countries have an incentive to help Thailand because many of them are affected, though perhaps to a smaller degree, by the same economic problems and pressures on their currencies. However, previous agreements among Asian central banks to cooperate on currency stabilization were ineffective in preventing the recent turmoil.

Since the Thai government gave up trying to defend its currency on July 2, the baht has fallen about 20 percent against the U.S. dollar. The Philippine peso, Malaysian ringgit and Indonesian rupiah have all fallen about 6 or 7 percent.

To qualify for the bailout, Thailand agreed last week to cut its government spending, to raise its value-added tax, a kind of sales tax, to 10 percent from 7 percent, and to suspend the operations of 42 debt-ridden finance companies.

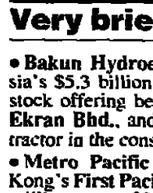
■ Asian Stock Markets Get the Jitters

Currency jitters coinciding with the announcement of the bailout for Thailand sent stock markets tumbling across Asia on Monday, news agencies reported.

Investors are worried that other countries in the region will either have to allow their currencies to weaken or take steps that will choke off economic growth and bite into corporate profits.

Malaysia's benchmark stock index fell 3.2 percent to 902.14, a 21-month low. Jakarta's stock index tumbled 2.6 percent and the Philippine Stock Exchange Composite Index sank 2.8 percent.

In Tokyo, the benchmark Nikkei 225-share index dropped 3.98 percent to close at 18,824.18 points. *(AFX, Bloomberg)*



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CUBE: *Debate Over Office Layout Even Splits Microsoft and Intel*

Continued from Page 11

office stronghold, Sun Microsystems, is participating in an office-sharing experiment to open up more team-meeting space.

"We're trying not to take a religious approach to the work-space issue," he said.

In any case, offices of all kinds are shrinking. The Facility Performance Group, a research firm, says personal work space has shrunk 25 percent to 50 percent over the past decade at 72 major companies it has studied.

The office downsizing is partly a result of cost cuts. But most of these companies have also gone through "re-engineering" programs intended to replace traditional hierarchies with teamwork in the pursuit of greater innovation, speed and profits.

A shift to open-plan offices is often part of the re-engineering formula. With the cubes come more team meeting rooms, so personal space is sacrificed. Cubists insist their approach is a winner.

"All the accepted research in this field says you have to have more visual and acoustic openness to get the benefits of a team-based organization," said Jon Ryburg, president of Facility Performance Group in Ann Arbor, Michigan.

Perhaps that's true for an automaker or an insurance company, the cave dwellers reply, but a different set of work-space principles prevails on the frontiers of the new economy.

"People who have to think deeply, like programmers, need individual offices," said Eric Schmidt, the former chief technology officer for Sun Microsystems Inc., who recently became chairman of Novell Inc., a software company. "The best and the brightest drive this industry and the high-tech economy. Giving them an office to be more productive is a smart investment."

This is the cavers' trump card: Programmers are special people who do special work. They must cooperate with others at times, but theirs is essentially individual labor — hours of tedious, painstaking effort punctuated by flashes of inspiration, all rendered in the arcane language of machines.

People who study how programmers work speak of cognitive "flow," the code cowboy's equivalent of an athlete being in a peak-performance "zone" when everything seems to work. Deep concentration helps the code flow, and that mental state, many programmers say, is easier to attain in a private office.

Besides, they add, private offices proved to be a recruiting advantage in Silicon Valley's earlier boom in the late 1980s: At that time, Sun had just expanded, building many private offices — and helping to lure many job candidates.

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GO: 0,5529 FOD*: 0,3476

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SCSP: 34,96 SCSP: 33,14

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AU 11/08/97
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SCSP: 2,026 SCSP: 1,966

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GO: 19,48

ESPAGNE (zone A) en PTAS/I-TVA 16%
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BUILT FOR BUSINESS: CHINA

A TRADING 'GREATER CHINA'

The economies of China, Hong Kong and Taiwan continue to grow closer.

On July 1, 1997, Hong Kong joined China under the doctrine of "one country, two systems." Historically, it was an important international event, marking the return of the British colony to the Chinese mainland. Economically, it was less important as the two economies had long been dependent on one another, a dependence that will become closer in coming years.

Hong Kong's return will affect Taiwan's relationship with the mainland, however. Now, China and Taiwan are being prompted to examine the vast flows of investment and trade that are transshipped through Hong Kong as a way of circumventing official trade restrictions between the two economies.

Despite the challenges and concerns that the handover has thrown into high relief, trade and investment between the economies of China, Hong Kong and Taiwan has been expanding. This has created an economic interdependence that forms the reality behind political gyrations.

Known as "Greater China," these three economic powers will continue to benefit from combining Taiwan's strong international connections and technological know-how with China's massive markets and inexpensive labor, and Hong Kong's financial and services expertise.

Asia's largest trading bloc

As trade within Asia becomes the predominant influence in the region, Greater China appears set to become Asia's largest de facto trading bloc. This will probably occur regardless of changes in the political landscape.

"We believe that intra-regional trade in Asia will become the dominant influence in the region during the next 10 years," says Andrew Freris, an economist at Bank of America (Asia). "Greater China will be a key hub for this trade."

The three economies are now connected by an intricate web of trade and investment, which has operated almost independently of political concerns. Mr. Freris notes that during last year's strained relations between China and Taiwan, direct investment by Taiwan into the mainland continued to grow. It was only after the political crisis ended that the growth of investment flows subsided as the cyclical trend reversed.

Rather than being stemmed by political circumstances, trade and investment flows have found a circuitous route through Greater China. This has been further complicated by Hong Kong's changing economy, with its manufacturing base shifting across the border into southern China.

The majority of Hong Kong's trade with China is based on outward-processing agreements. Hong Kong ships goods to China, and they are then processed in China and returned to Hong Kong for re-export. Estimates indicate that just over half of all goods moving from Hong Kong to China are part of outward-processing agreements, as well as 70 percent of goods exported from China to Hong Kong.

While the amount is likely to grow, the percentage of total trade is unlikely to climb further, as the shift of manufacturing from Hong Kong to southern China is nearly complete.

Further cementing the economic relationship between the economies of Greater China, about 5 percent of Taiwan's total exports flow through Hong Kong on their way to the mainland. It appears likely that some of these goods are also involved in outward-processing agreements with the mainland.

Another 5 percent is estimated to flow through other countries, such as Japan and Singapore, and another 5 percent find a more direct route.

China is now Taiwan's third-largest trade partner after Japan and the United States. Total trade is estimated at nearly $20 billion in 1996.

This growing dependence on China as a market and manufacturing base has caused Taiwan trade officials bouts of anxiety. Regardless of these concerns, investment has followed trade flows. About 10 percent of direct investment into China is from Taiwan, while Hong Kong accounts for about half of all investment in the mainland.

Behind the headlines

While newspaper headlines indicate that Taiwan-China relations periodically undergo rocky stretches accompanied by bitter words and the occasional missile lobbed across the straits, reality is often quite different.

For the past decade, an unofficial thaw in relations has allowed more than 30,000 Taiwanese businesses to pour more than $25 billion into mainland investments. Still, all investments of $1 million or more officially require approval of the Taiwan government.

The Taipei government also bars investment in Hong Kong-based enterprises that are more than 20 percent owned by mainland Chinese interests, but Taiwanese officials say this will be eased if Taiwan is admitted into the World Trade Organization.

While politicos in Beijing and Taipei debate the form of their future relations, economic reality is following its own course.

Even now, more than 5,000 Taiwanese executives live in the Chinese port city of Xiamen on the southern coast and are responsible for investments worth some $2 billion. The Xiamen government has passed laws protecting Taiwanese investors, and China has set up Taiwanese investment zones that offer tax concessions.

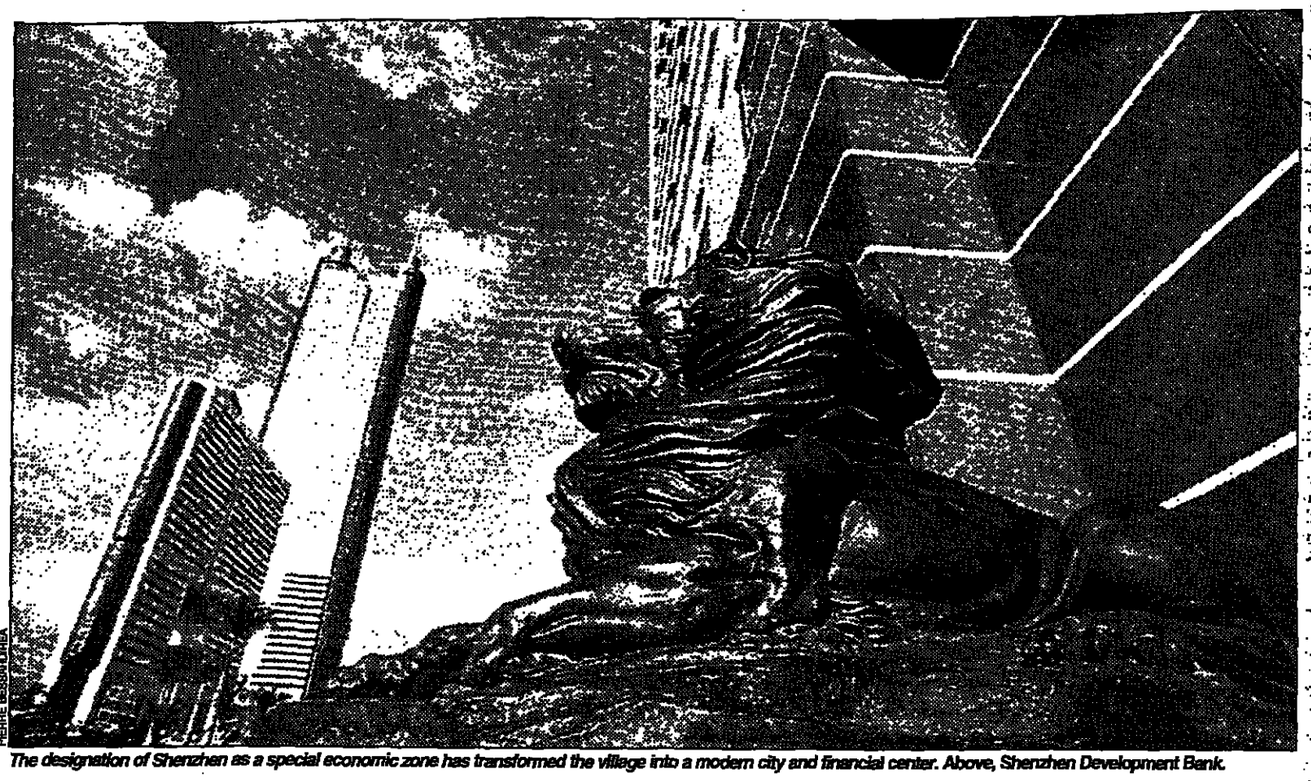
The loss of Hong Kong as a no-questions-asked transshipment port has forced the issue of trade between Taiwan and the People's Republic of China.

Taiwan and Hong Kong inked a preliminary agreement in 1996 that allowed air flights to continue. This was important because Taiwanese businesspeople use Hong Kong as an entry point into mainland China. Later, talks broke down, and the final agreement was made just one month before Hong Kong was returned to China.

Shipping has also been the subject of debate. In this case the sticking point was which flags Hong Kong and Taiwanese ships would fly when they entered each other's ports.

A temporary solution has finally been found: Hong Kong ships will fly the Special Administrative Region's *bauhinia* flag when entering Taiwanese ports, while Taiwanese ships will fly no flag when entering the Hong Kong port.

Christopher Kuffel



PIERRE BESSARD/REA

The designation of Shenzhen as a special economic zone has transformed the village into a modern city and financial center. Above, Shenzhen Development Bank.

GENERAL INFORMATION

Area:
9,597,000 square kilometers
(3,700,00 square miles)

Population:
1.25 billion

GDP per capita (1996):
$666

Real GDP growth (1996):
9.7%

Source: Datastream

MORE STEPS TO TAKE IN LONG MARCH TO WTO

The question is more likely not whether China will join the global trading body, but when and under what conditions.

China's accession into the World Trade Organization has been debated by the world trade community for more than a decade. While China will probably join the WTO, few are willing to predict when it will happen. The positions of the major players softened during the May meeting of the WTO, and an agreement on China's joining seemed possible this year.

In a recent visit to Beijing, Italian Prime Minister Romano Prodi said he expected China to join the WTO soon and that Italy backed Beijing's long-delayed bid to enter the global body. "It's difficult to have a World Trade Organization without China," Mr. Prodi told a news conference in Beijing.

Little progress was made in the latest talks, which ended Aug. 1. U.S. Trade Representative Charlene Barshefsky called China "essentially non-responsive" in a press conference following the meetings.

The Chinese did offer new concessions during the July conference, conducted in Beijing and Geneva. Beijing agreed to eliminate import quotas for automobiles in eight years, down from the original offer of 15 years. Officials also pledged to shorten the phase-out period for quotas on other goods and refrain from subsidizing agricultural exports. It was progress, but WTO members had hoped for more.

U.S. officials had hoped that an agreement would be reached before President Jiang Zemin's state visit to Washington in October, but chances of China's joining the WTO this year seem remote.

$290 billion in foreign trade

Since opening to international trade in 1979, China has rapidly grown to become the world's 10th-largest trading economy.

Last year, total foreign trade touched $290 billion, with exports slightly ahead of imports. In the first half of 1997, China's foreign trade was worth $144 billion, up 13 percent over the same period last year. Of this, $81 billion came from exports, up 26 percent over the same period last year. The remainder consisted of imports, which were down marginally. Japan has been China's largest trading partner for the past four years. The United States rose to second place in 1996, as trade with Hong Kong slipped.

Beijing estimates that its total trade will climb to $400 billion by the year 2000.

Membership's advantages

Membership in the WTO would allow China to take advantage of a system of preferential trading rights, estimated to be worth $22 billion by 2005.

Membership also carries with it the prestige of working with the world's largest and most influential countries in making decisions concerning global trade.

The process has been contentious, though. Negotiations are now following two distinct tracks.

The first involves ongoing negotiations with the WTO Working Party on China's Accession, a group of developed and developing nations that are discussing issues affecting China's efforts to join the WTO.

The second track is bilateral negotiations with central WTO players: the United States, the European Union and Japan. The main points of contention between China and these members center on whether China will agree to "commercially legitimate" changes to its import regime, committing to major changes in its trade and investment behavior.

U.S. officials contend that China must agree to quantifiable changes in its trade and investment regulations to open its markets to competition.

Internal issues

The real battle may not be between the Beijing government and WTO member countries. Rather, struggles between Beijing's reformers and the ministry bureaucrats who see WTO entry as a threat to their entrenched power bases may be the key point of disagreement.

Reformers may want to use WTO membership to bring ministry bureaucrats into line, argues David Shambaugh, a George Washington University specialist in Chinese politics. Ministries have sought to protect their state-owned enterprises, often by introducing laws aimed mainly at hobbling foreign competition and by selectively enforcing laws.

Beijing wants to join the WTO as a developing country, which some WTO members oppose. Members such as the United States argue that China is too large to join the WTO as a developing country, a status that would allow it to follow a less restrictive set of rules and to implement them more slowly.

Transparency of rules

Beijing also differs with WTO members on other terms, including China's enforcement of unpublished, restrictive regulations. The WTO contends that China must enforce only regulations that are openly published. This would limit the use of guidelines such as ministry "industrial plans," which WTO members claim are used to restrict trade by foreign companies.

The WTO also differs with China about its imposition of restrictions on trading rights. Now, foreign firms may import products but are restricted in the distribution, retailing and servicing of those products.

Other issues include tariff rates, which WTO guidelines restrict to less than 15 percent for developing countries and 5 percent for developed counties. China now has an average tariff rate of 23 percent, which it has committed to reducing to 15 percent by the year 2000.

The WTO also stresses the use of "sound science" in banning agricultural products. Members are required to use published, widely accepted scientific studies in restricting agricultural imports.

C.K.

OLIVIA SAVOURIREA

A textile factory in Shanghai: China's exports totaled $81 billion in the first half of 1997.

BOEING AND AIRBUS BATTLE FOR MARKET SHARE

China's aircraft purchasing power has always been used as a reward to foreign countries for their political stance. Boeing's first 707 sales were a result of the ground-breaking 1972 visit of the late U.S. President Richard Nixon.

History played a role again this March, when China bought five 777s worth $800 million during U.S. Vice President Al Gore's visit. In early May, Airbus sealed a deal with China to sell 30 aircraft for $1.5 billion after France decided not to back an anti-China resolution at the United Nations Human Rights conference in Geneva in April. It is expected that Chinese President Jiang Zemin's visit to Washington later this year will bring more orders to Boeing.

China is one of the world's fastest expanding aviation markets, with passenger and cargo demand growing at an annual rate of more than 20 percent. Lacking the ability for massive aircraft production, China's aviation relies mostly on imports. According to China's Civil Aviation Administration, which controls most of China's biggest airlines, including China Southern Airlines and China Eastern Airlines, China will buy 240 new aircraft in the next five years.

The market has been dominated by Boeing since the early 1970s. Having delivered 252 aircraft in the past 24 years, Boeing claims a 60 percent share of the Chinese market, followed by European consortium Airbus Industrie and U.S. company McDonnell Douglas. On Aug. 4, Boeing took over McDonnell Douglas, which further strengthened its competitiveness worldwide.

Boeing and Airbus have been fighting for market share in China despite a purchase freeze imposed by the CAAC two years ago, after hundreds of people were killed in a series of air accidents. The state wanted to allow time to train pilots and air traffic controllers and improve airport facilities. A new flight training center set up jointly by the CAAC and Airbus in Beijing will be completed soon. The center is equipped with flight simulators and computer-assisted training facilities.

The first deal after the freeze was the $1.3 billion contract signed by Chinese Premier Li Peng with Airbus for 30 short-haul A320 jets last year. At the end of last year, Beijing announced that it would team up with a European consortium that includes Airbus Partners to build 100-seat aircraft, a project Boeing had also bid on but lost.

Airbus has won about $3 billion in new orders from China in the last 15 months, and Boeing less than $2 billion.

Most analysts believe that Boeing and Airbus will continue to coexist on the Chinese aviation market because Beijing needs the competition to seek the best deal. While Airbus's market share is increasing, it has a long way to go to catch up with Boeing in the long-range-aircraft market, where Boeing leads with its 747.

In May, China's central government tightened control over aircraft purchases, with new regulations placing all aircraft imports under the sole responsibility of China Aviation Supplies Import and Export Corp. in Beijing. This means that political influence will play an even bigger role in aircraft purchasing, since Beijing will determine the number and type of aircraft to be bought for each airline.

"I think the decision is designed to let Beijing have more control on the inside, rather than overseas suppliers, meaning provincial airlines will be less independent," says Stephen Miller, managing director of Hong Kong-based Trinity Aviation. "The provincial airlines will continue to have a say because they are the ones who use the aircraft.

"Also, by combining orders from individual airlines, Beijing can get a better deal for a bigger quantity. The only effect on overseas suppliers will be in terms of prices. I think that, overall, the decision is more positive than negative. Once Beijing places an order, the foreign supplier can be confident that the deal will come through and that the financing is definitely available."

Angelica Cheung

BURNING COAL, AND LOOKING FOR NEW ENERGY SOURCES

Foreign firms and private investors are to be allowed to run power plants.

Almost everything in the garden is rosy for the Chinese economy, which is growing faster than any other in the world. An exception to the generally bullish view is the forecast for energy supply. The question everyone is asking that no one can answer with any degree of certainty is this: Where will China get the energy to sustain and prolong its phenomenal growth?

While its major oil fields in the northeast, Daqing and Shengli, matured a long time ago, the Tarim Basin oil field in northwest Xinjiang province failed to yield any significant amounts of oil during prospecting drills. The predicted wealth of the two new fields found near the prosperous Pearl River in southern China has yet to materialize, and the ambitious Three Gorges hydroelectric project is at least a decade away from completion. Until then, China will rely on its extensive reserves of air-polluting coal as the major source of energy, with its central planners working on ways to deal with the forthcoming crisis.

With a population of 1.25 billion, China is the world's third-largest energy consumer, and the World Health Organization lists six of its major cities among the 10 most-polluted in the world. Still, per capita use of energy is only 10 percent of that in the United States.

Now an oil importer

After years as an oil exporter, China has become an importer, with the amount brought in due to rise substantially in years to come, as the economy grows in leaps and bounds. State forecasts predict that demand will rise to 200 million metric tons by the year 2000: this year, the country will produce 145 million metric tons onshore and about 15 million offshore.

China pinned great hopes on the Tarim Basin, which was claimed to contain between 13 and 29 billion tons of reserves. But a number of overseas companies, disillusioned by harsh conditions and poor results, have pulled out, unconvinced of the potential.

Power plants

Meanwhile, the country has been actively encouraging overseas interest in the power plants, recognizing the need for outside expertise to improve output and efficiency. A restructuring of the energy sector, announced earlier this year, will pave the way for foreign investment in power plants, putting an end to the state monopoly. Electricity Minister Shi Dazhen pledged that the state would keep control of the national and local power grids, but that foreign firms and private investors would be allowed to run power plants.

China is planning to spend more than $100 billion on power plants in the next five years, adding about 20,000 megawatts each year, figures that make attractive reading for would-be suppliers. When bids were invited for the second phase of a major plant in the southwest province of Guangxi, a total of 31 firms showed interest.

Gas companies are also targeting China, following in the footsteps of BOC (formerly British Oxygen Co.), which now has 20 operations in different areas, supplying specialist industrial gases.

Hydroelectric

As the energy debate continues, work on the controversial Three Gorges project — the hydroelectric answer to at least some of the energy problem — goes ahead. The project will displace a million people, swamp 23,800 hectares (58,800 acres) of arable land and close 650 factories and mines. Critics say the project will also lead to greater risk of flooding on the Yangtze River and untold damage to the ecosystem. The project has become a test of character and will for the central government, which is determined to show it can plan and complete a project of such massive proportions.

A less controversial scheme is a $2.8 billion hydroelectric plant on the Yellow River at Xiaolangdi, which has received a $430 million loan from the World Bank.

The coming decades will see China scrambling to harness whatever means possible to sustain and expand its huge economic boom. A measure of the present and future demand for power can be taken by glancing at main city streets, ablaze with neon signs, car headlights and shop displays. A decade ago, the same thoroughfares were pitch dark and empty once the sun went down.

Mark Graham

BUILT FOR BUSINESS: CHINA

MOVES AFOOT TO TAME THE STOCK MARKETS

Regulations and a rash of new issues are aimed at allaying speculation.

Since being launched in 1990, China's two stock markets have taken investors on a wild ride, driven skyward by rumors and sent plummeting by central government attempts to tether the Shanghai and Shenzhen markets to market fundamentals.

In 1992-93, sharp climbs were sparked as international fund managers discovered China, with its unimaginably massive markets and capitalist zeal. In 1993 alone, the markets posted gains of nearly 50 percent. Less than a year later, austerity measures and higher interest rates sent the markets tumbling, a condition that lasted into 1995. Since then, the markets have recovered, again posting sharp gains of 42 percent in 1996 and more than 14 percent so far in 1997.

As, Bs and Hs

China's markets follow a bifurcated system in which A-shares are reserved for Chinese nationals, while B-shares are sold only to foreigners.

A third important way to invest in China shares has emerged as H-shares, sold in the Hong Kong market, have gotten a foothold. H-shares have seen spectacular gains in the past year, showing their sharpest appreciation just before Hong Kong's return to China.

Despite the number of ways investors can access China's markets, investing remains speculative, as opaque financial information and limited research leave investors with little more than rumors to go on. This has been compounded by the central government's attempts to rein in speculation and to keep funds from banks and money targeted at its ailing state-owned enterprises from finding their way into the markets.

In June, the central bank banned commercial banks from securities trading. The market immediately offered its opinion of this ban: The Shanghai market dropped by more than 6 percent in a single day. Shenzhen was down slightly less than 6 percent. This was accompanied by sharply higher turnover, leading analysts to suggest that the immense flows were illicit money fleeing the markets.

New stock issues

These efforts to cool the overheated markets have been accompanied by an increase in the total number of new issues China's securities regulators intend to float during 1997.

The Securities Commission of the State Council set a quota to float shares worth 30 billion renminbi ($3.6 billion) in 1997. This is double the number of new shares issued in 1996. The move is aimed at raising more funds for China's listed firms.

Cooling the markets

Regulators also plan to increase the amount of shares to quell demand, throwing water on the overheated markets. "Since the general sentiment is negative, and people are expecting the government to introduce measures to cool the markets, this will have an effect of bringing the market down," Alexandra Conroy, senior investment analyst at ING Barings in Shanghai, told Xinhua, the official Chinese news agency.

In June, the Ministry of Finance published detailed accounting standards for businesses.

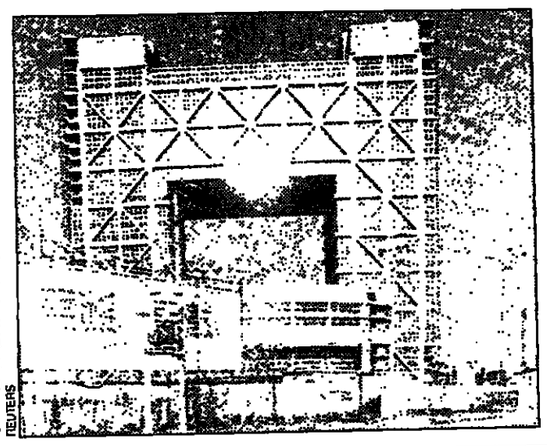
Known as the Disclosure of Relevant Party Relationships and Transactions, the standards aim to regulate information disclosure by listed companies. These were the first detailed accounting standards issued by the ministry since 1992. This is in addition to a draft securities law, which is being vetted by the State Council before approval.

Educating investors

At the same time, securities regulators are attempting to educate investors. In a speech before the International Organization of Securities Committee Asia-Pacific Regional conference in April, Zhou Zhengqing, chairman of the Securities Committee of the State Council, noted, "Hammering an awareness of investment risks into the investor's mind is the top priority at present, and we have to set up a complete risk-control and management system and fight vigorously against market irregularities of all kinds." He indicated that regulation and standardization of the stock markets are the long-term goals of the government.

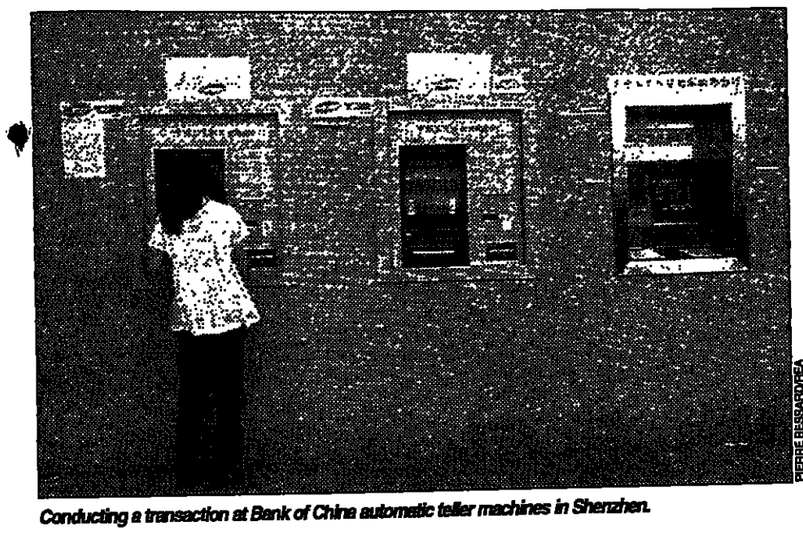
C.K.

PIERRE BESSARD/REA



REUTERS

Above, traders at the Shanghai stock exchange. Left, the new stock market building in Shenzhen's new development zone, Pudong; brokers are moving in this month.



PIERRE BESSARD/REA

Conducting a transaction at Bank of China automatic teller machines in Shenzhen.

BANKING REINS ARE LOOSENED, NOT DROPPED

Credit card availability widens, and eight foreign banks trade in renminbi.

China is undertaking an ambitious plan to modernize its banking system. Infrastructure is being put in place for credit cards and national networks of automated teller machines, while a number of foreign banks have already been granted licenses to operate in renminbi, a currency that may become fully convertible within the next decade. Analysts agree that by 2007, China's banking facilities will be in good shape.

Golden cards

The Chinese government has initiated a so-called Golden Card project, aimed at creating nationwide automated teller machine (ATM) networks and boosting bank card usage. Several local firms have been appointed as Golden Card pioneers, but foreign firms are also getting involved in a sector traditionally closed to foreigners.

Hong Kong-based Joint Electronic Tellers Services (JetCo) has established its first province-wide network in Guangdong province, which has a population of 60 million people. The G-Network, as it is locally known, has been up and running for two years, with JetCo providing its software and expertise to the local banks.

John Tsang, assistant general manager of JetCo, says the first stage has to establish metropolitan networks in China's major developed cities such as Shanghai, Beijing, Shenzhen and Guangzhou (Canton). "But I am not so sure of how easy it will be in inland China and the northwest provinces," says Mr. Tsang.

"Real credit cards are still a rarity in China," with most consumers using debit cards, says Samuel Lau, manager of banking services at Hongkong & Shanghai Banking Corp. But large international banks like HSBC are keeping a watchful eye on China's credit card development as important potential new business, although at present foreign banks are still excluded from dealing directly with local citizens.

Foreign banks

Some tight controls over banking operations are gradually being lifted. Previously, foreign banks were required to buy foreign currency through strictly controlled suppliers sanctioned by the People's Bank of China.

Now eight foreign banks — Standard Chartered Bank, HSBC, Citibank, Tokyo & Mitsubishi Bank, Industrial Bank of Japan, Dai-Ichi Kangyo, International Bank of Paris and Shanghai, and Sanwa Bank — have been granted licenses to conduct business in renminbi within the Pudong financial development zone of Shanghai, a growing financial hub.

The privileged licenses come with limitations. The banks must have sizable foreign exchange operations, with the equivalent of at least 30 million renminbi ($3.6 billion) in hard currencies as operating capital for local currency transactions, and they must keep the ratio of renminbi liabilities to no more than 35 percent of foreign exchange liabilities. As Guonan Ma, China analyst at Bankers Trust, says: "This is still a way to control renminbi operations of foreign banks, but, in time, when confidence is felt, these ratios will rise."

Recently, tax authorities informed foreign banks that China planned to impose a tax on interest on interbank funding by overseas banks to their China branches.

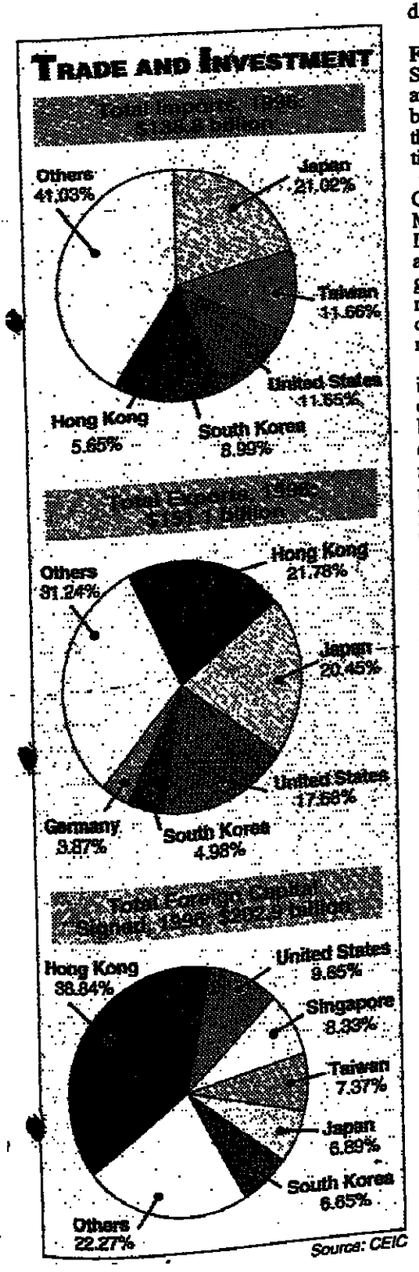
Toward full convertibility

The next major step for China is to allow the renminbi to become fully convertible on the capital account, which would allow the unit to be freely traded on the international markets.

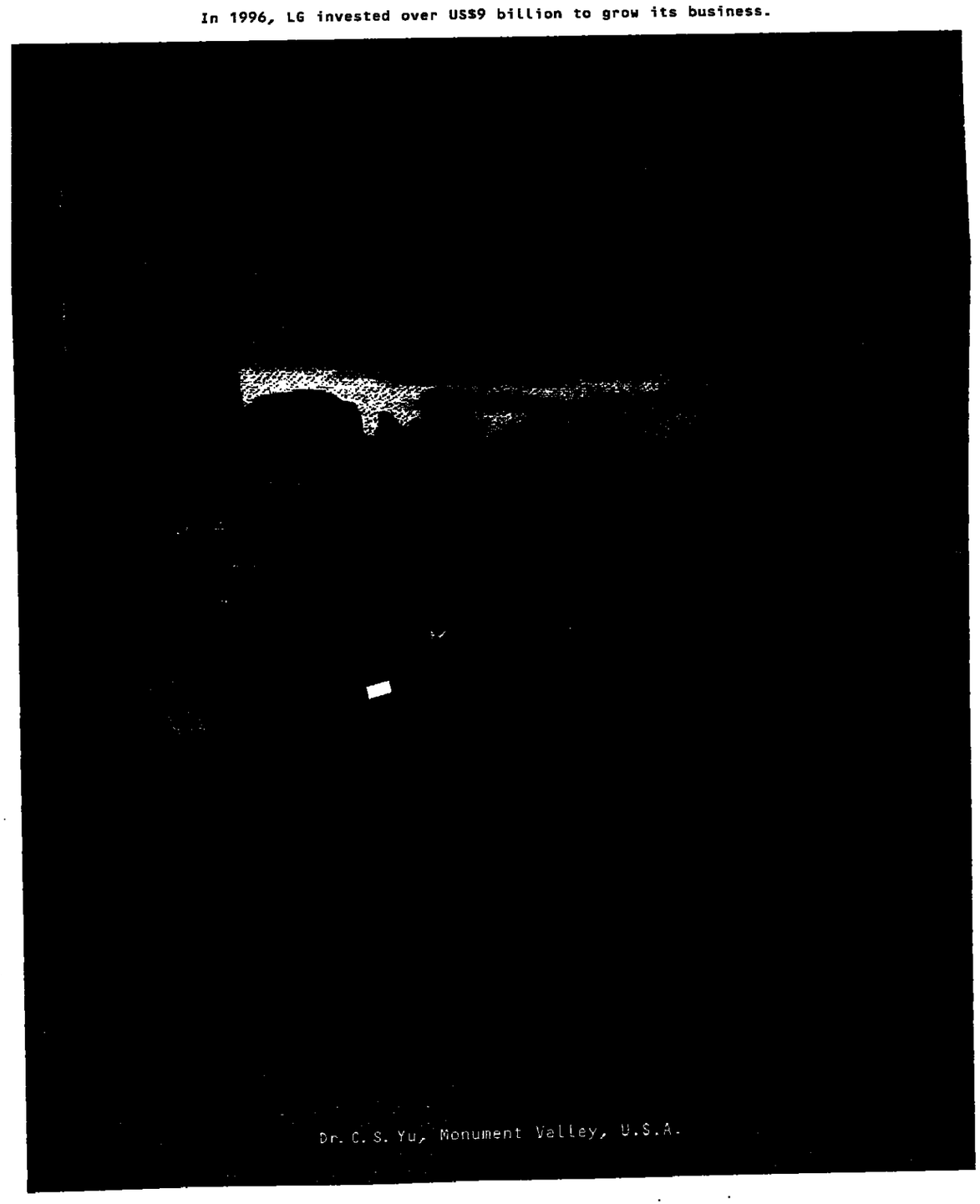
Already convertible on the trade account since December 1996, the renminbi could technically become fully convertible within 10 years. Yet most analysts expect China to continue managing its exchange rate for some time to encourage foreign capital inflows and domestic economic growth.

China will most likely adopt a "managed floating" system, used by many developing countries (as well as more developed countries such as Singapore), whereby the currency is allowed to fluctuate within a narrow trading range while the central bank regularly adjusts the target rate. This would not only stabilize the currency, but would also establish credibility by gradually bringing the unit to its real value.

Audrey Snee



In 1996, LG invested over US$9 billion to grow its business.



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SPONSORED SECTION

BUILT FOR BUSINESS: CHINA

TELECOMS DOOR OPENS, SLOWLY

Improving telecommunications infrastructure is a vital part of the economic modernization plan.

While business doors swing open all over China, entrance to the telecommunications zone is by selective invitation only. Foreign firms, only too well aware of the potential in the increasingly business-oriented country, have so far been inhibited in their efforts to break into the market.

A new competitor

A little ray of light for overseas firms came in 1995, when China United Telecommunications (Unicom) was set up to act as a competitor to the giant Ministry of Posts and Telecommunications (MPT), which has held a decades-old monopoly.

Earlier this year, approval was given for foreign companies to make a direct investment in Unicom, providing the outside partner had a less than 50 percent stake.

Attracting foreign capital is a key part of Unicom's plans to expand; at home it faces obstacles put in its way at every level by the MPT, which also has responsibility for telecommunications rules and regulations. Nonetheless, Unicom has established itself in around 20 provinces and is pushing ahead with grand plans.

By the end of this year, Unicom has predicted it will have paging or cellular networks across 100 cities, with about 2 million subscribers.

Unicom scored another triumph recently when the state council approved the plan of two U.S. companies, Sprint and Metromedia, to finance the building of domestic networks in three areas — Chongqing, Sichuan and Tianjin.

As that deal was being struck, MPT officials were reaffirming that most of the $12 billion the country was spending annually on building networks and long-distance

Unicom, the country's second telecoms company, predicts it will have paging or cellular networks across 100 cities, with about 2 million subscribers, by the end of the year

trunk routes would be self-financed. A vice minister predicted recently that there would be an expected 20 million extra customers this year. Switching capacity stood at 100 million lines at the end of last year.

Improving telecommunications infrastructure is a vital part of the central government's plans to upgrade, making China an economic giant by the middle of the next century. Planners are constantly revising the assessment of the number of lines needed: The prediction for the year 2000 now stands at 123 million, with a further 25 million cellular subscribers, three times the current figure.

A look around the newly wealthy coastal cities, with their state-of-the-art telephone systems and smartly dressed yuppies constantly on the move with cellular phones, gives a slightly misleading picture of the country as a whole.

Outside expertise needed

In the rural and interior areas of the vast country, the infrastructure is desperately in need of upgrading. That kind of expansion requires outside expertise.

An indicator of what shape that will take came in June when Cable & Wireless sold a 5.5 percent stake in Hong Kong Telecom to China Telecom, a branch of the MPT, in a deal worth $1.2 billion.

Analysts predict this will give C&W, which retains management control of Hong Kong Telecom, the inside track in the race to fit out China with telecommunications for the next century.

In May, China Everbright Holding Co., also a Chinese state-owned firm and an investor in Unicom, had bought a 7.74 percent stake in Hong Kong Telecom from China International Trust & Investment Corp., a joint venture between Hong Kong investors and the Chinese government.

The telecommunications door should open wider, but slowly, say analysts. "I think China will change its policy, especially as it wants to join the World Trade Organization, but it will take time," says Andrew Look of Prudential Portfolio Managers in Hong Kong. "It is still a virgin market. I believe a big chunk of the population is still not accessible by phone or by radio. They will open up, but it will be slow. China is poor and still needs huge investment in its infrastructure."

M.G.

ON-LINE IN CHINA

Nowhere in the world is there more potential for Internet subscribers than in China, a country starved for information and entertainment for many years. To date, Web-surfing has been confined to expatriate residents of the bigger cities and more affluent Chinese computer buffs.

That looks set to change with the introduction of ChinaByte, a joint venture between Rupert Murdoch's News Corp. and the official Communist Party press, the People's Daily News. The $2.5 million Chinese-character Web site was launched at the start of the year, with a prediction that it would break even on costs by year-end. Initially advertiser-driven, it provides details of trade and product developments about software publishers and computer manufacturers.

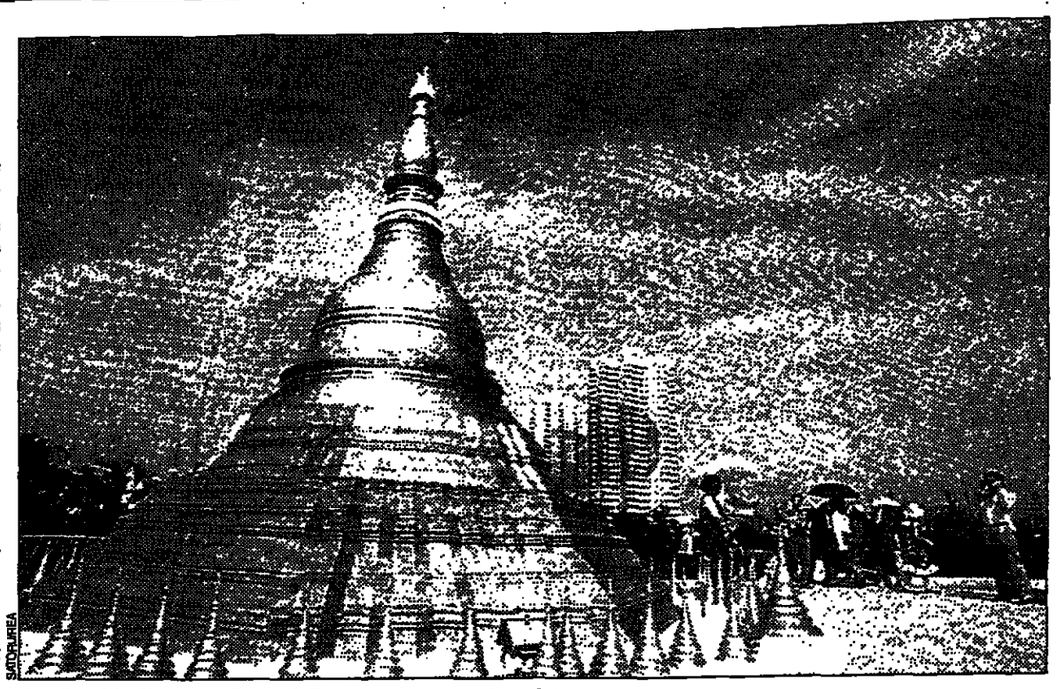
Like television, radio and newspapers in China, the site is censored and filtered. Authorities are notoriously sensitive about criticism that can be read or heard by the public at large.

Official estimates say there are currently 40,000 Internet users among China's population of 1.25 billion. The vast majority has no access to a computer. By the turn of the century, state planners estimate there will be a million Internet users.

ChinaByte proved to be a huge consumer success during its debut period, with around 100,000 daily users during the first three months, mostly from inside the country.

A joint venture involving the country's second telecommunications firm, Unicom, has also announced plans to provide Internet facilities throughout the country. Unicom-Sparkice already has three Internet cafés in the capital, Beijing, and plans to open outlets in 10 more cities.

M.G.



A replica of the Shwedagon Pagoda in Burma at an amusement park in Shenzhen.

MAINLAND AND HONG KONG TEAM UP TO PROMOTE TOURISM

China will benefit from Hong Kong's sophisticated marketing and research.

The resumption of Chinese sovereignty over Hong Kong, in addition to providing a temporary boost to Hong Kong's tourism industry, is expected to lead to increasing cooperation between China's maturing travel industry and Hong Kong's extremely sophisticated one.

Pearl River Delta

Already, Hong Kong has teamed up with South China in campaigns to jointly promote Hong Kong, South China and Macao as the Pearl River Delta. It is common for tour groups from Southeast Asia to visit all three during five-day trips. Theme parks and attractions in South China are included in Hong Kong's latest "100 Days of Wonders" campaign, for instance.

In April, the Hong Kong Tourist Association opened a branch office in Beijing, and it is expected that this will lead to greater cooperation in the future. This includes more sophisticated marketing, more exhibitions, more market research and more insight into what will lure visitors to China.

At the recent International Travel Exposition in Hong Kong, Yang Wen Zhen, director of marketing and promotions for the China National Tourism Administration, said that "the close relationship between the tourism industries of Hong Kong and mainland China has stepped into a new era. We deeply believe that the tourism industry of China will present in the world a new image in the coming 21st century." Since China adopted its open door policy in 1978, many millions of international tourists have been lured by this huge country with its unique and rich history and culture. As a result, tourism has become one of China's fastest growing industries.

51 million visitors

In 1996, visitor arrivals reached a record 51.12 million, making China the fifth most-visited country in the world. The vast majority of visitors are overseas Chinese from Hong Kong, Macao and Taiwan, many of whom travel on frequent short trips for business or family reunions, but the numbers of other international visitors are also growing rapidly.

There were 6.74 million international visitors last year, an increase of nearly 15 percent over the previous year. Revenues from international tourism reached $10.2 billion, ranking ninth in the world.

This year saw two new landmarks for China's rapidly evolving and maturing travel industry: the launch of Visit China Year 1997 and the hosting of the prestigious Pacific Asia Travel Association (PATA) conference in Beijing in April. Both have helped focus the attention of the world travel industry on China.

"Steeped in tradition and stunning natural attractions, China has been a destination that has sparked the imagination of travelers over the centuries," says Lakshman Ratnapala, chairman of PATA. "From a business standpoint, as we head into the new millennium, China's importance in the global marketplace is growing both as a destination and as an emerging outbound market."

The China National Tourist Association notes several trends in the way the country's tourism industry has developed.

One is the increase in visitors from within Asia. There are also fewer group tours and more individual travelers. While the number of travelers has increased, the length of stay has decreased, as tourists tend to take several shorter trips a year rather than one long one.

The average length of stay in China was 10.3 days in 1990; in 1996 it was down to 6.4 days. The number of trips of between one and three days and between four and seven days is increasing, while visits of between eight and 14 days and of more than 15 days are decreasing.

Paul Hicks

REFORM NEEDED IN STATE SECTOR

The government says it will speed up mergers and closings.

Visitors to households in major Chinese cities can expect to hear the locals asking each other these two questions: "Have you been laid off yet?" and "What are you going to do now that you are unemployed?"

This dinner-table topic reveals one of modern-day China's most serious economic and social problems. Lay-offs and closings by the massive loss-making state-owned enterprises (SOEs) have led to large-scale unemployment.

Earlier this year, the Ministry of Labor admitted that bankrupt state enterprises had not paid, or had underpaid, 10 million workers. A delegate of the National People's Congress said that 6 million workers were unemployed and a further 19 million were surviving on "low incomes." China has a total population of 1.25 billion.

In Shanghai alone, SOEs have laid off 1.05 million workers — 17 per cent of the commercial city's urban population of 6 million — in just four years. The situation is equally bad in another industrial city, Shenyang, where more than 400,000 workers have met the same fate.

According to official figures released in June 1996, SOEs owed state banks 600 billion renminbi (about $72 billion), 200 billion renminbi more than the annual central government revenue. Debts among SOEs amounted to a further 900 billion renminbi. The real picture may be even worse.

Restructuring planned

How is the government going to solve the problem? In March, an editorial in the Communist mouthpiece People's Daily warned that a huge number of ailing state companies would be declared bankrupt. The paper quoted the State Commission for Restructuring the Economy as saying the government would speed up mergers among large-scale state-owned corporations that were competitive and had good potential. It said that in addition to allowing weaker firms to fail, other measures included mergers, forced sales, privatization and auctions of companies.

A few days before that, the government had announced that it would raise $80 billion, mostly through the domestic and foreign capital market, to reform its 1,000 largest loss-making SOEs in the next decade.

This was a big step further than the message conveyed in the work report of Premier Li Peng at the National People's Congress earlier this year, when he insisted that restructuring SOEs could not run counter to the party's unshakable principle of "retaining the dominant position for state ownership."

Is privatization feasible?

While admitting that privatization will be the eventual solution, most China experts do not foresee major shake-ups in the SOE sector.

"I think what they are trying to do is to grow out of the problem by putting more resources into the SOEs, so that they would still survive," says John Seel, analyst with Bear Sterns, Hong Kong. "It is very hard to force a quick restructuring in the state sector. Basically, the Chinese government has a low tolerance for unemployment, for fear of social unrest."

Even if the government allows privatization, another question is who will buy these SOEs, many of which have basically no value. The products they make have a limited market, which helps explain the huge amount of extra capacity in China. Eventually, a lot of them will have to be closed down.

"Sooner or later, the government will allow more bankruptcies in the state sector. They are trying to do it gradually," Mr. Seel says. "They are spending money to keep the SOEs surviving, but not enough to make them prosperous. Eventually, a lot of these companies will lose so many workers that when they are finally shut down, it would not affect too many people."

A.C.

FOR INFORMATION ON CHINA

CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE
The China Council for the Promotion of International Trade (CCPIT) is a national nongovernmental economic and trade organization whose mission is to promote China's foreign trade, attract foreign capital, introduce advanced foreign technology and foster various forms of economic and technical cooperation with other countries according to the government's policies and laws. Trade connections, legal advisory service, foreign trade and economic arbitration.
Web site: http://www.ccpit.org

HONG KONG TRADE DEVELOPMENT COUNCIL
Trade contacts, China-related economic news, export information. Hong Kong is the gateway to trade in southern China, the country's most developed area.
38/F Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.
Web site: http://www.tdc.org.hk

CHINAPAGES
China news and China business information: trade and investment, stock markets, finance, tourism, culture and sports. The home page has an Excite-based search engine.
Web site: http://www.chinapages.com

SHANGHAI
"Shanghai-ed" bills itself as the "complete guide to life and business in China's greatest city." It offers information on subjects ranging from the city's stock market to tourism to Chinese fortune telling.
Web site: http://www.shanghai-ed.com

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Herald Tribune
SPORTS
TUESDAY, AUGUST 12, 1997

WORLD ROUNDUP

DNA Test Links Albert to Accuser

Sperm and saliva found on the woman who has accused the U.S. sportscaster Marv Albert of assault contain genetic material consistent with his DNA, a state crime lab said Monday.

The samples recovered from the woman's underwear and from bite marks on her back were tested against a blood sample provided by Albert.

The 42-year-old woman accused Albert of attacking her in a Virginia hotel room Feb. 12. The woman told the police that Albert threw her onto a bed, bit her back repeatedly and forced her to perform oral sex.

Group Claims Bomb

OLYMPICS An extremist Swedish group claimed it planted last week's bomb that destroyed part of Stockholm's Olympic stadium, and warned it would continue the attacks unless Stockholm withdraws its bid for the 2004 Olympics.

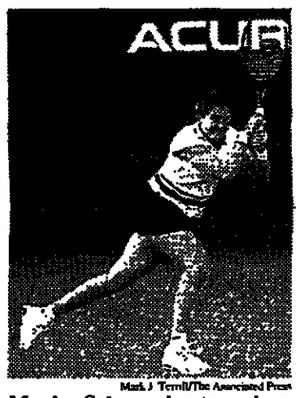
"We are the ones who burn and blow up sports arenas," said a message to ITT, the national news agency. "We have large reserves of explosives, automatic weapons and ammunition. Do not doubt our determination and ability."

The note, which was signed "We who built Sweden," said the Olympics would cost too much.

"If Sweden is to arrange the Olympics, everyone involved in the preparations and arrangements will be our targets. This includes athletes and audiences," the note said.

Swedish police said the note probably was not written by those responsible for the blast.

The predawn blast on Friday was the eighth attack linked to the city's Olympic bid since May. *(Reuters)*



Mark J. Terrill/The Associated Press

Monica Seles racing to make a return to Lindsay Davenport.

Seles Outlasts Davenport

TENNIS Monica Seles fought off a match point in the second set and capitalized on Lindsay Davenport's third-set collapse to win the Acura Classic in Manhattan Beach, California, 5-7, 7-5, 6-4, Sunday. It was her first title this year.

- Pete Sampras beat Thomas Muster of Austria, 6-3, 6-4, to win the $2.3 million ATP Championship in Mason, Ohio, on Sunday. It was his fifth title this year and his 49th career ATP Tour victory, tying Sampras with Boris Becker for most titles among active players.
- Top-seeded Felix Mantilla of Spain beat Magnus Gustafsson of Sweden, 6-4, 6-1, in the final of the San Marino International to capture his fourth title of the year. *(AP)*

A Few New Faces Emerge in the Most Ancient of Sports

World Athletics / IAN THOMSEN

International Herald Tribune

ATHENS — Early in the next century someone might recall the nights when Hicham Guerrouj of Morocco began proving himself as one of the great middle-distance runners, when Daniel Komen won the first of many gold medals at 5,000 meters and beyond and when Marion Jones succeeded Jackie Joyner-Kersee as a role model for women athletes in America.

The 6th IAAF World Championships will be better appreciated from a distance. These days it is too easy to criticize anything that fails to overload the senses instantaneously. The championships which concluded Sunday were a disappointment in their failure to establish any world records — something that happened only once before, at Rome in 1987, after Ben Johnson's 100-meter record was annulled in his scandal a year later.

If the championships failed to produce a singular compelling performance, they provided all kinds of emotional farewells and promising introductions. It was sad to realize that Joyner-Kersee, who is retiring next year, was going out with a fifth-place long jump; that the men's long jump was relatively uninvolving in the absence of Carl Lewis; and that Merlene Ottey of Jamaica ran out of energy as her midway lead in the 200 meters petered out to a bronze medal. But at 37 that medal was a victory in itself for her.

Michael Johnson, the American "wild card" of the meet, held onto the 400 meters title despite injury. Javier Sotomayor won his third straight high jump title for Cuba and Lars Riedel, the German discus thrower, won his fourth. And then there was Sergei Bubka. No other man has ever won a world championship gold medal in the pole vault. Bubka owns all six of them.

"My participation was a big risk because pain in my Achilles tendon is still with me," said Bubka, who was prevented from competing at Atlanta last summer because of the injury. "It was not my best title, but it was the most difficult. I have done only three training sessions in pole vault this season, but when I decided to participate, I was going only for the gold. I followed my strategy without any deviation from it."

Now 33, his winning vault of 6.01 meters was 13 millimeters short of his own world record.

"I hope to continue until Sydney in 2000, since I love sports and I was born to be an athlete," Bubka said. "The audience wanted the world record, but I will ask them to understand. I don't even know how I am going to walk tomorrow."

THE NEXT generation of Bubkas is now reaching its prime. It includes the 800 meters champion Wilson Kipketer, the American 110-meter hurdler Allen Johnson and Haile Gebrselassie of Ethiopia, who had to be ordered to Athens before he ran away with the 10,000 meters.

The next multimedia star might be the highly expressive Ato Boldon of Trinidad and Tobago. At 23 he has already been through some difficult talking points: the Olympic 100 meters when Linford Christie refused to leave the track after false-starting twice, psyching-out Boldon, followed quickly by the 200 meters and Michael Johnson's best impression of Bob Beamon — with Boldon trailing in third both times; and the 100 meters of these championships, when Boldon ran the second-round in a spectacular 9.87 seconds, predicted he might not break 10 seconds again in the remaining two rounds, and didn't. In the final he cramped and came in fifth. But even that didn't shut him up.

"I told him not to do too much talking," said John Smith, the Californian who coaches both Boldon and Maurice Greene, the American who won the 100 meters. "Going into a championship nothing's ever easy. You go in saying this is what you should do, this is what you're going to do, but you don't know how you're going to do it."

Despite his latest disaster in the 100 meters, Boldon didn't change his approach through four rounds of the 200 meters. Another defeat might have scarred him. Now he might blossom.

"There were fresh faces and they were just doing something different," Smith said of the new sprint champions. "For such a long time we had the same people, the same people. Doing the same things, saying the same things, and not really putting any particularly fresh approach into the sport."

This meet was difficult because many of the best stars didn't have it in them after peaking last year for Atlanta. The next world championships will be in Seville in 1999. With next season devoted to nothing more dramatic than making as much money as possible from the European and Asian circuits, those world championships should see everyone at their best again.

The last observation will come from Smith.

He happened to be standing in an office last weekend, overlooking the old Panathinaikon stadium, built with its archaic long straights and narrow turns for the first modern Olympics in 1896.

"I was out there looking at that," he said. "I was thinking, this is like the races we used to have as kids — go out to the flag pole and run back."

He described the turn with a hooking motion of his arm, the most progressive coach in an otherwise ancient business.

Triumph and Sorrow As Quigley Wins at Last

New York Times Service

JERICHO, New York — Dana Quigley was celebrating as joyously as any winner of a golf tournament has, and deservedly so, after working his whole life toward this moment.

Quigley had just gained a dramatic playoff victory in the PGA Seniors' Northville Long Island Classic. After throwing his hat into the crowd, hugging his wife and receiving the trophy, his triumphant walk to the clubhouse was interrupted as he was handed a phone.

Quigley took the call and then collapsed alone on the grass in tears while well-meaning fans continued to shout their congratulations.

His brother Paul was calling from a hospital in Providence, Rhode Island, with the news that their father, Wallace, had died during the afternoon at the age of 82. He had had cancer for 10 years.

"Oh man, I didn't do it soon enough," Quigley said, sobbing. He paused and added under his breath as he struggled for words, "God, this one was for him."

It was a heartbreaking end to an afternoon that Quigley, 50, had waited so long for. He won his first Tour event by beating Jay Sigel on the third hole of a playoff.

A stint on the PGA Tour from 1978 to 1982 brought him a lone highlight: a record round of 61 in the 1982 Greater Hartford Open. With a tendency to spend too much time in the bar after a round and less than $2,000 in earnings, he returned home to Massachusetts, as a club professional.

His father worked beside him, in the golf shop at the Crestwood Country Club, for the last 13 years. Quigley quit drinking, and the two dreamed of this victory.

"I always told him I was going to win one for him and buy a house for him on the water in West Palm Beach," Quigley said. "That was our standing joke. I just wish he'd have been here for it.

"This is supposed to be my happiest moment ever. It probably is. His dying is going to make me remember this day forever. It's funny that God would work in this way, take his life and give me mine all in one day.

"He was really suffering a bit this last time. I'm sure he's in a better place. I just wish," he said, pausing to regain his composure, "I just wish that he could have seen me win, that's all."

Quigley earned a spot in the tournament by winning the Monday qualifier. He considered staying at his father's bedside, but his father urged him to play.

The victory gives Quigley an exemption into every Senior PGA event for one year. It was the pressure of playing for that exemption, and the $150,000 check, that had Quigley battling his nerves.

On the first playoff hole Quigley had a four-foot putt for victory but missed. He won two holes later sinking a two-footer for par as Sigel made a bogey.

"I choked on the last putt on the first playoff hole," Quigley said. "When I got to this position, I knew I'd choke some. I've wanted this too long not to choke.

Then he left the interview room and walked out to the putting green. Without a word of his misfortune, he signed autographs for the fans who waited.

- Vijay Singh shot a 6-under-par 66 Sunday to overtake Ernie Els and win the Buick Open in Gran Blanc, Michigan. Singh finished at 15-under-par 273, four strokes better than Els, who shot a 74, and tied with Tom Byrum, Russ Cochran, Brad Fabel, Joe Ozaki and Curtis Strange for second place.

Singh left behind a strong field warming up for the PGA Championship, which begins Thursday.

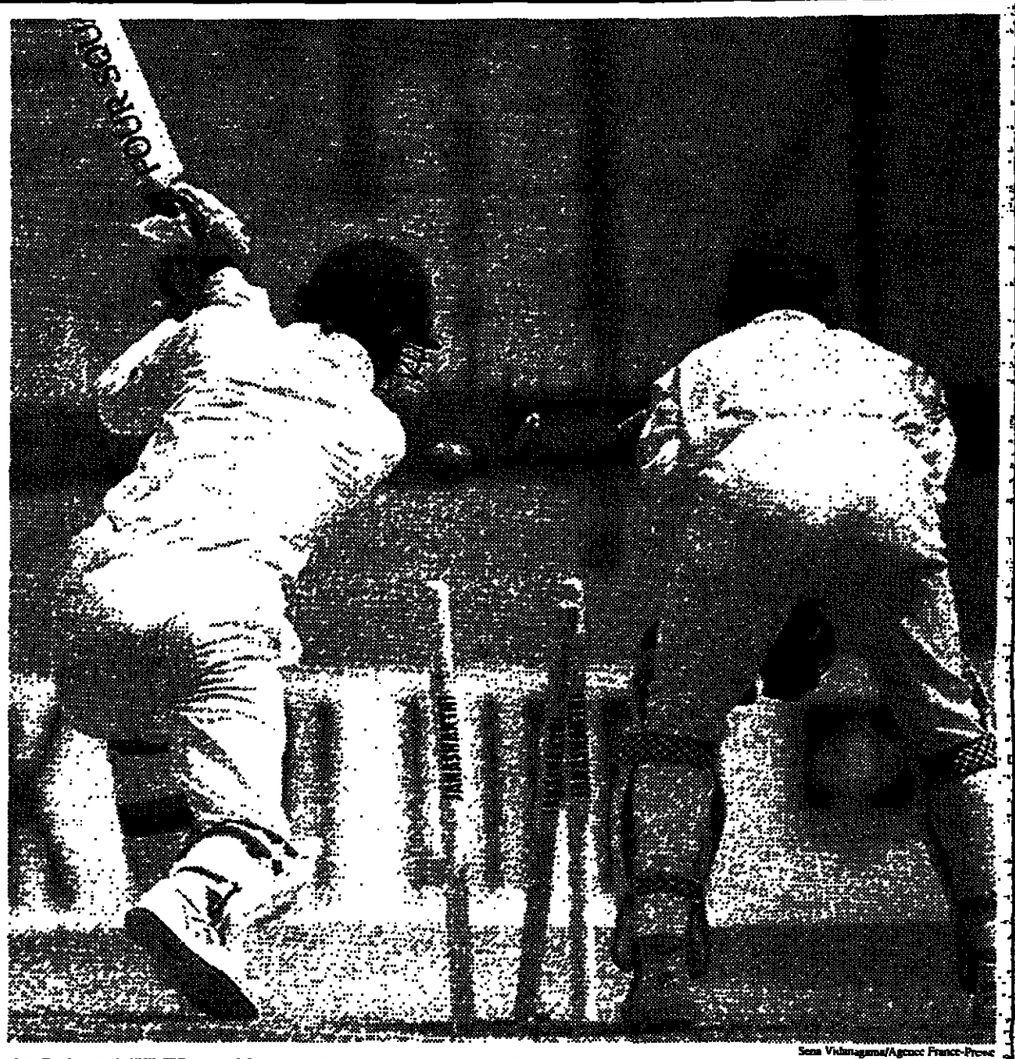
Tiger Woods, finished tied for eighth at 10 under par to earn $43,500 giving him $1,821,895 for the season, the most ever on the tour.

■ U.S. Wins Walker Cup

John Harris won twice for the second straight day and scored the clinching point as the United States routed Britain and Ireland, 18-6, at the 36th Walker Cup, Reuters reported from Scarsdale, New York.

Harris, a holdover from the U.S. team that lost the cup in 1995, beat Michael Brooks, 6 and 5, in the first singles match completed Sunday afternoon. Harris, went 4-0 in the two-day match.

The Americans led, 11½-4½, after winning three of four matches in the morning and then took 6½ of a possible eight points in the afternoon singles to win by 12 points.



Sena Vidanagama/Agence France-Presse

CLEAN BOWLED — Nayan Mongia, batting for India, falling Monday to the bowling of Muttiah Muralitharan of Sri Lanka as the wicketkeeper Romesh Kaluwitharanain looked on. Saurav Ganguly made the top score of 147 runs as India was all out for 375 runs on the third day of the second test in Colombo, for a first innings lead of 43. At the close of play, Sri Lanka was 77 for one wicket in its second innings.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	72	41	.637	—
New York	68	47	.591	5
Boston	58	60	.492	16½
Detroit	56	60	.478	18
Toronto	55	60	.478	18

CENTRAL DIVISION

Cleveland	58	55	.513	—
Chicago	56	57	.487	3
Milwaukee	56	59	.487	3
Minnesota	51	65	.440	8½
Kansas City	48	66	.421	10½

WEST DIVISION

Anaheim	66	51	.564	—
Seattle	65	51	.560	½
Texas	55	62	.470	11
Oakland	47	72	.395	20

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	74	45	.622	—
Florida	68	48	.586	4½
New York	65	51	.560	7½
Montreal	59	56	.513	13
Philadelphia	48	75	.348	32

CENTRAL DIVISION

Houston	63	55	.534	—
Pittsburgh	57	61	.483	6
St. Louis	53	64	.453	9½
Cincinnati	50	65	.435	11½
Chicago	47	71	.398	16

WEST DIVISION

San Francisco	66	52	.559	—
Los Angeles	63	54	.538	2½
Colorado	57	62	.479	9½
San Diego	56	61	.479	9½

SUNDAY'S LINESCORES

AMERICAN LEAGUE

Detroit 001 000 021—4 6 1
Toronto 100 010 000—2 8 0
Ju.Thompson and Casanova, Wallbeck (8); Person, Plesac (8) and B.Santiago. W—Ju.Thompson, 11-8. L—Person, 5-8. HR—Detroit, Hamelin (14).

Texas 201 101 020—7 9 1
Cleveland 000 130 002—6 13 1
Santana, Bailes (5), Whiteside (6), Gunderson (8), Wetteland (9) and I. Rodriguez; Juden, A. Lopez (7), Plunk (9) and S. Alomar. W—Whiteside, 2-1. L—Juden, 0-1. Sv—Wetteland (35). HRs—Texas, Greer (18), Ju.Gonzalez (26), L. Stevens (12), Nevarez 2 (10). Cleveland, Giles (15), Justice (22).

Kansas City 000 200 020—4 9 0
Boston 002 020 02x—6 10 1
Appier, Whisenant (5), Olson (6), Cassian (7), Carrasco (8) and Mackanin; Gordon, B. Henry (7), Corsi (8) and Hatteberg. W—Corsi, 3-1. L—Carrasco, 1-2. HR—Boston, Garciaparra (21).

New York 304 100 001—9 16 1
Minnesota 002 002 101—6 13 2
Kn.Rogers, Mendoza (4), Nelson (7), Stanton (7), M. Rivera (9) and Girardi; Tra.Miller, Ritchie (3), Trombley (8), Guardado (8), Aguilera (9) and Steinbach. W—Mendoza, 4-4. L—Tra.Miller, 0-3. Sv—M. Rivera (36). HRs—New York, Curtis (10), Minnesota, Stahoviak (9).

First game
Milwaukee 000 001 002—3 11 1
Oakland 000 002 101—4 10 0
Karl, Fetters (7), Villone (7), Wickman (9) and Matheny, Levis (7); Wengert, Groom (6), A. Small (7), Mohler (7), T.J.Mathews (8), Taylor (9) and Molina, Mayne (8). W—Taylor, 3-4. L—Wickman, 6-5. HR—Oakland, Lesher (1).

Second game
Milwaukee 005 030 100—9 14 1
Oakland 001 111 001—5 10 0
Florie, Adamson (6), Fetters (9) and Levis; Haynes, C. Reyes (5), Johnstone (7), A. Small (8) and Mayne. W—Florie, 3-3. L—Haynes, 0-2. HRs—Milwaukee, Banks (1). Oakland, Lesher (2), Brito (1).

Chicago 110 000 000—2 8 1
Seattle 000 000 100—1 3 1
Drabek, C. Castillo (9), McElroy (9), Karchner (9) and Fabregas; Olivares, Charlton (7), Sirotka (9) and DaWilson. W—Drabek, 9-7. L—Olivares, 6-7. Sv—Karchner (4). HR—Seattle, Griffey Jr (36).

Baltimore 001 010 020—4 7 1
Anaheim 010 001 100—3 8 0
Key, A. Benitez (7), Ra.Myers (9) and Hoiles; Webster (9), K.Hill, Da.May (6), James (8), Holtz (9), P. Harris (9) and Td.Greene. W—A. Benitez, 2-3. L—James, 4-4. Sv—Ra.Myers (34). HRs—Baltimore, By.Anderson (13), C. Ripken (14). Anaheim, Salmon (21), Td.Greene (6).

NATIONAL LEAGUE

Florida 000 101 000 2—4 9 2
Atlanta 000 000 020 0—2 6 1
(10 innings)
Saunders, Powell (8), Nen (10) and C. Johnson; Zaun (10), Glavine, C. Fox (8), Cather (9), Bielecki (10), Embree (10), Millwood (10) and J. Lopez. W—Powell, 3-2. L—Bielecki, 3-7. Sv—Nen (29). HRs—Florida, Bonilla (13), Conine (10).

Los Angeles 000 000 001—1 4 2
Cincinnati 203 111 00x—8 10 1
Astacio, Guthrie (5), Radinsky (7), T.Worrell (8) and Prince; Remlinger and Taubensee. W—Remlinger, 5-4. L—Astacio, 7-8. HRs—Cincinnati, Stynes (1), RSanders (15).

Philadelphia 302 120 000—8 15 0
St. Louis 000 000 000—0 3 0
Schilling and Parent; Morris, Petkovsek (4), Beltran (7), Eckersley (9) and Difelice. W—Schilling, 12-10. L—Morris, 8-7. HR—Philadelphia, Rolen (17).

Houston 500 130 200—11 14 2
New York 031 000 400—8 11 3
Pile, J. Cabrera (8), T. Martin (8) and Ausmus; R.Reed, Acevedo (3), Lidle (5), Wendell (8), Ja.Franco (9) and Pratt. W—Lidle, 16-3. L—P. Reed, 10-5. Sv—T. Martin (2). HRs—Houston, DeBell (8). New York, Olerud 2 (16).

S.Francisco 010 200 000 002—6 12 0
Montreal 020 000 010 000—3 11 1
(12 innings)
Rueter, R. Hernandez (8), Beck (8), P. Rodriguez (10), Tavarez (10), D. Henry (12) and B. Johnson; Mi.Johnson, Kline (5), DeHart (8), Telford (8), Urbina (9), D. Veres (10), M. Valdes (12) and Widger. W—Tavarez, 5-3. L—M. Valdes, 3-3. Sv—D. Henry (3).

San Diego 010 010 101—4 6 0
Chicago 012 000 000—3 11 1
Hitchcock, Bochtler (7), Hoffman (9) and Flaherty; Foster, Patterson (7), Bottenfield (9) and Servais. W—Bochtler, 2-5. L—Bottenfield, 2-3. Sv—Hoffman (28). HRs—San Diego, G. Vaughn (12), Flaherty (6). Chicago, L.Johnson (2).

Pittsburgh 101 210 200—7 12 1
Colorado 000 412 01x—8 13 0
Schmidt, M. Wilkins (7) and Osik; R. Bailey, Leskanic (7), Dipato (9) and Manwaring. W—Leskanic, 3-0. L—M. Wilkins, 7-3. Sv—Dipato (6). HRs—Pittsburgh, Sveum (10), Ward (2). Colorado, Bichette (18).

CRICKET

SRI LANKA VS. INDIA

SECOND TEST, 3RD DAY

Sri Lanka 1st innings: 332 all out
India 1st innings: 375 all out
Sri Lanka 2nd innings: 77-1

FOOTBALL

NFL PRESEASON

SUNDAY'S RESULT

Miami 21, Chicago 14

THE PRESEASON AP TOP 25

The Top Twenty Five teams in The Associated Press preseason college football poll, with first-place votes in parentheses, 1996 records, total points based on 25 points for a first place vote through one point for a 25th place vote and ranking in 1996 final poll:

	Record	Pts	Pv
1. Penn St. (21)	11-2	1,566	7
2. Florida (12)	12-1	1,548	1
3. Florida St. (7)	11-1	1,507	3
4. Washington (10)	9-3	1,484	16
5. Tennessee (8)	10-2	1,480	9
6. Nebraska (4)	11-2	1,442	6
7. N. Carolina (4)	10-2	1,333	10
8. Colorado (3)	10-2	1,302	8
9. Ohio St. (1)	11-1	1,172	2
10. LSU	10-2	1,096	12
11. Notre Dame	8-3	1,071	19
12. Texas	8-5	1,042	23
13. Miami	9-3	920	14
14. Michigan	8-4	797	20
15. Alabama	10-3	673	11
16. Auburn	8-4	592	24
17. Syracuse	9-3	585	21
18. Stanford	7-5	533	—
19. Brigham Young	14-1	375	5
20. Clemson	7-5	352	—
21. Iowa	9-3	347	18
22. Southern Cal	6-6	219	—
23. Kansas St.	9-3	210	17
24. Wisconsin	8-5	198	—
25. Michigan St.	6-6	148	—

Others receiving votes: Colorado St. 132, Arizona St. 131, Texas A&M 118, Virginia Tech 97, UCLA 82, Arizona 59, Northwestern 58, Virginia 45, East Carolina 32, West Virginia 25, Georgia 21, Southern Miss. 12, Utah 11, Houston 8, South Carolina 7, Georgia Tech 4, Illinois 4, San Diego St. 4, Arkansas 2, Mississippi St. 1, Navy 1, Nevada 1, Rice 1, Washington St. 1.

GOLF

WALKER CUP

IN SCARSDALE, N.Y.

SINGLES

Steven Young, Britain-Ireland, def. Joel Kribel, United States, 2 and 1; Craig Watson, GB&I, halved with Jason Gore, U.S.; Jerry Courville, U.S., def. Justin Rose, GB&I, 3 and 2; Brad Elder, U.S., def. Keith Nolan, GB&I, 2 and 1.

John Harris, U.S., def. Michael Brooks, GB&I, 6 and 5; Buddy Marucci, U.S., def. David Park, GB&I, 4 and 3; Duke Delcher, U.S., def. Gary Wolstenholme, GB&I, 2 and 1; Steve Scott, U.S., def. Richard Coughlan, GB&I, 2 and 1.

FINAL RESULT

United States 18, Britain-Ireland 6

BUICK OPEN

Leading final scores Sunday from the $1.5 million Buick Open, played Sunday at the 7,105-yard, par-72 Warwick Hills Golf & Country Clubin Grand Blanc, Michigan:

Vijay Singh	67-73-67-66—273
Russ Cochran	68-69-73-67—277
Tom Byrum	72-68-70-67—277
Joe Ozaki	67-71-70-69—277
Brad Fabel	69-67-70-71—277
Ernie Els	68-63-72-74—277
Curtis Strange	72-66-68-71—277
Tiger Woods	72-68-70-68—278
Dan Forsman	68-67-73-70—278
Rocco Mediate	70-71-67-70—278

TENNIS

ATP CHAMPIONSHIP

SINGLES

FINAL

Pete Sampras (1), United States, def. Thomas Muster (5), Austria, 6-3, 6-4.

DOUBLES

FINAL

Todd Woodbridge and Mark Woodforde (1), Australia, def. Mark Philippoussis and Patrick Rafter (7), Australia, 7-6 (8-6), 4-6, 6-4.

ACURA CLASSIC

SINGLES

FINAL

Monica Seles (2), United States, def. Lindsay Davenport (4), United States, 5-7, 7-5, 6-4.

DOUBLES

FINAL

Yayuk Basuki, Indonesia, and Caroline Vis, Netherlands, def. Larisa Neiland, Latvia, and Helena Sukova (4), 7-6 (9-7), 6-3.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

DETROIT—Put RHP Mike Mamber on 15-day disabled list, retroactive to Aug. 7. Bought contract of RHP Eddie Gaillard from Toledo, IL.

OAKLAND—Put RHP Steve Karsay on 15-day disabled list, retroactive to Aug. 6. Recalled OF Jason McDonald from Edmonton, PCL. Optioned IF Tony Batista to Edmonton.

TEXAS—Optioned RHP Eric Moody to Oklahoma, AA. Activated RHP Julio Santana from 15-day disabled list.

NATIONAL LEAGUE

ATLANTA—Signed RHP Greg Maddux to 5-year contract extension.

N.Y. METS—Optioned RHP Juan Acevedo to Norfolk, IL. Recalled INF Shawn Gilbert from Norfolk.

ST. LOUIS—Activated OF Brian Jordan from 15-day disabled list. Optioned OF Scarborough Green to Louisville, AA.

SAN DIEGO—Announced retirement of LHP Danny Jackson.

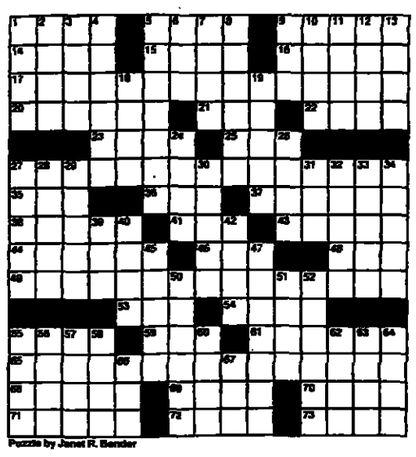
CROSSWORD

ACROSS

1 Poker holding
5 Study for finals
9 Shaping machine
14 "Crimes & Misdemeanors" actor
15 Wife of Zeus
16 Flynn of "Captain Blood"
17 Fast
20 Land, as a big one
21 Late Chairman
22 Blood supplies
23 Long, long time
25 Hall-of-Famer Drysdale
27 Swift
28 Didn't face the enemy
30 Chow down
37 Like a Jaguar or Miata
38 Was in a play
41 Ms. alternative
43 —— raving mad
44 Deutsch, here
46 Swiss peak
48 Society page word
49 Fleet
53 Fat farm
54 Pouting face
55 "Dance On Little Girl" singer
59 Piercing tool
61 Opera house cries
65 Quick
66 Non-earthling
69 Otherwise
70 —— Stanley Gardner
71 Old-fashioned
72 Fate
73 Aussie hoppers

DOWN

1 Henry VIII's sixth
2 Not into the wind
3 Not in use
4 Criticize harshly
5 Hong Kong residents, now
6 —— Speedwagon
7 Calla lily family
8 Symbol of Jewish resistance
9 Hawaiian garland
10 Fine or liberal follower
11 "How ——!"
12 Frost
13 Singer Fitzgerald
18 Best Picture of 1958
19 They may need coloring at a salon
24 Deception
26 Small bites
27 Fort ——, N.C.
28 Indy entrant
29 Prelim
30 Horse stall covering
31 Go bad
32 Neighbor of an Afghani
33 Sore throat cause, briefly
34 Little squirts, so to speak
39 Big bird
40 Drops bait
42 Brickbat
45 Like some stocks
47 Bit of math homework
50 Acted servilely
51 Hang ten or shoot the curl
52 Medicine man
55 In the distance
56 Aswan's river
57 Make an afghan
58 "Hard Hearted Hannah" composer
60 Composer Schifrin
62 —— Beach, Fla.
63 Norse capital
64 Tom Jones's "—— a Lady"
66 Brian of rock music
67 Prefix with metric



Puzzle by Janet R. Bender

© New York Times/Edited by Will Shortz.

Solution to Puzzle of Aug. 11

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S	N	E	E	R		S	E	N	T		T	E	E	S

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In Chicago, A Duel to Play Quarterback

The Associated Press

MIAMI — The quarterback position for the Chicago Bears is now officially up for grabs.

After the Bears lost an exhibition game to the Miami Dolphins on Sunday, 21-14, the Chicago coaches said the quarterback job was a toss-up between a newcomer, Rick Mirer, and a one-time starter, Erik Kramer.

Mirer, who has gotten the majority of the playing time in the preseason, finally played a solid game for his new team and even showed some scrambling ability. He shook off a first-possession interception and completed nine of 12 passes for 69 yards with one TD and one interception.

The quarterback was acquired from Seattle in the offseason for a first-round draft pick.

Kramer, coming back from a serious neck injury, completed eight of 12 passes for 70 yards, playing only the second quarter. He had a drive cut short when one of his receivers, Curtis Conway, dropped a fourth-down pass with the Bears on the Dolphins' 11. Both the Dolphins' quarterbacks both looked strong. Dan Marino completed 12 of 15 passes for 129 yards and one touchdown. Craig Erickson completed eight of 11 passes for 122 yards.

The news for quarterbacks elsewhere was mixed after the weekend's games.

John Elway of the Denver Broncos threw in practice Sunday for the first time since rupturing his right biceps tendon. He said it felt good and added, "there's probably a chance" he would play for the Broncos next Sunday in their exhibition game at New England.

Elway said he threw 50 to 60 passes to wide receiver Patrick Jeffers.

"I'd like to get some good playing time this weekend," Elway said.

But both Mark Brunell of the Jacksonville Jaguars and Kerry Collins of the Carolina Panthers could be out for a while with serious injuries suffered in exhibition games over the weekend.

Brunell, who carried the Jaguars to the AFC title game last season in their second year, injured his right knee in Saturday's exhibition victory over the New York Giants. Collins had his jaw broken in Saturday's loss to Denver.

The extent of the injury to Brunell remained unclear. Once the swelling goes down, Brunell will have an arthroscopic procedure to further assess the injury.

The Panthers said Collins would probably be out for up to six weeks, which means he could miss the team's first four regular-season games.

Brunell signed a five-year, $31.5 million contract two weeks ago. He led the NFL in passing yards (4,367) and rushing yards for a quarterback (396) last season. The Jaguars will turn to Rob Johnson, who has thrown seven passes in two seasons.

Collins, meanwhile, underwent four hours of surgery on Sunday. He will probably miss three or four regular-season games. At the latest, he should be back for the Monday night home game Sept. 29 against San Francisco.

Until then, the quarterback job on the Panthers will be handled by journeyman Steve Beuerlein, an 11-year veteran who was 3-1 as a starter in 1996 when Collins went down with several injuries.

NFL ROUNDUP

The Braves' catcher, Javy Lopez, right, tagging out the Marlins' Gregg Zaun in the 10th inning at Atlanta.

Norm B. Schrier/Agence France-Presse

Marlins Know How to Hurt Braves

The Associated Press

Not since playing the New York Yankees last October have the Atlanta Braves had so much trouble against a team.

The Florida Marlins beat the National League champions for the eighth time in 11 games this season, with Edgar Renteria and Gary Sheffield hitting run-scoring singles in the 10th inning Sunday for a 4-2 victory.

A sellout crowd of 47,649 at Turner Field in Atlanta saw the Marlins cut the Braves' lead in the NL East to 4½ games.

"We believe we can beat them. We feel like we can play with anybody," Sheffield said.

The teams were to meet Monday night for the final time in the regular season, with Greg Maddux pitching against Kevin Brown. Shortly before Sunday's game, Maddux and the Braves agreed on a $57.5 million, five-year contract extension that made him the highest-paid player in baseball.

Charles Johnson, the Marlins' catcher, said, "It's very hard to say why we've played so well against the Braves. They have all been close games. There haven't been any blowouts. They could have gone either way."

Phillies 8, Cardinals 0 Curt Schilling pitched a three-hitter in St. Louis as Philadelphia continued its surprising surge. The Phillies, 32 games behind in the NL East, have won 10 of 13. Schilling (12-10) did not allow a runner past first base. He struck out eight in his second shutout of the season.

Scott Rolen homered and drove in three runs. St. Louis lost for the ninth time in 11 games.

Giants 6, Expos 3 San Francisco completed a 7-3 road trip when J.T. Snow hit a tie-breaking, two-run single in the 12th inning.

Earlier in the 12th, the Expos intentionally walked Barry Bonds who was 0-for-11 in the series.

Padres 4, Cubs 3 Greg Vaughn, making a rare start because Tony Gwynn was sidelined by kidney stones, led off the ninth inning with a home run as San Diego won in Chicago. Vaughn hit his 12th homer and first since July 22.

Gwynn was to spend his third straight night in the hospital Sunday as a precaution after the stones were removed. Rickey Henderson stole three bases for the Padres.

Reds 8, Dodgers 1 Chris Stynes improved to 7-for-7 in his NL career as Cincinnati beat visiting Los Angeles. Stynes, promoted from the minors this weekend, went 4-for-4 with a home run. He was 3-for-3 Saturday in his first game in the majors since playing for Kansas City last year.

Astros 11, Mets 8 Darryl Kile won his ninth straight decision as Houston's hitters helped him overcome his worst start of the season. Kile (16-3) gave up 10 hits, including a pair of homers by John Olerud, and eight runs in seven innings.

Rockies 8, Pirates 7 Neifi Perez, a rookie, hit a run-scoring single in the eighth inning and Colorado completed a three-game sweep at home. Dante Bichette homered and Andres Galarraga drove in two runs, giving him a major league-leading 109 RBIs.

In the American League:

Orioles 4, Angels 3 In Anaheim, California, Cal Ripken's two-run homer in the eighth inning lifted Baltimore to victory just hours after the Angels learned that their leadoff hitter, Tony Phillips, had been arrested for cocaine possession. It was Ripken's 14th homer this season.

White Sox 2, Mariners 1 Doug Drabek allowed two hits over eight innings and Norberto Martin drove in two runs to help Chicago win in Seattle and pull within three games of first-place Cleveland in the AL Central. Drabek lost his shutout when Ken Griffey led off the seventh with his 36th homer.

Yankees 9, Twins 6 In Minneapolis, Chad Curtis hit his first career grand slam, leading New York to its 10th victory in 13 games.

Athletics 4, Brewers 3; Brewers 9, Athletics 5 In Oakland, Brian Banks hit his first career grand slam and had a career-high five runs batted in as Milwaukee salvaged a doubleheader split.

Red Sox 6, Royals 4 In Boston, Nomar Garciaparra hit a two-run homer in the third inning and doubled home the go-ahead run in the eighth as Boston beat Kansas City to extend Kevin Appier's winless streak to eight starts.

In games reported in late editions Monday:

Tigers 4, Blue Jays 2 In Toronto, Orlando Miller hit a two-run double in the eighth and Justin Thompson (11-8) pitched his third complete game of the year for Detroit.

Rangers 7, Indians 6 Warren Newson hit one of Texas's five solo homers in Cleveland. Juan Gonzalez, Rusty Greer and Lee Stevens also homered for Texas while David Justice hit his 22d homer for the Indians.

BASEBALL ROUNDUP

A Few Choice Words About Steinbrenner

Vincent's Views Aired in Court Case

By Richard Sandomir
New York Times Service

NEW YORK — Faye Vincent's unvarnished opinion of George Steinbrenner, the man he banished from baseball, has come to light because of a peculiar court case.

Vincent, the former commissioner of baseball, banned Steinbrenner in 1990, then paroled him in 1992, shortly before the owners ousted Vincent as commissioner.

Vincent started an autobiography, "Baseball Breaks Your Heart." He and his co-author, David Kaplan, signed for a $300,000 advance with Little, Brown & Co., but in late 1994 Vincent pulled out when the book was 90 percent done, citing a desire for serenity, not controversy, in his post-baseball life.

Kaplan is suing Vincent in federal court seeking to publish the book under his own name, arguing that as the co-author and joint copyright owner, he is legally entitled to proceed on his own. Among the court paperwork is a 28-page excerpt of an 18,000-word chapter about Steinbrenner filed by Kaplan in April. The excerpt offers an extensive, seriocomic behind-the-scenes glimpse at July 30, 1990, the day Vincent punished Steinbrenner.

Roger Donald, the book's editor, labeled the chapters "well done" but said he knew Vincent was concerned about "insulting references to people he knew."

The excerpt contains numerous barbs, ranging from Vincent saying that Steinbrenner "embodied sleaze" to dubbing him "baseball's worst recidivist."

According to the chapter, Bart Giamatti, Vincent's predecessor as commissioner, referred to Steinbrenner as the "Typhoid Mary" of baseball, saying, "Wherever he went, disease followed."

Through a spokesman, Steinbrenner refused to comment.

In the chapter, Vincent said he first heard of Steinbrenner's payments to the gambler Howard Spira — for information that would make Dave Winfield, then a star player with the Yankees, look bad — from a New York Daily News article.

In a phone conversation, Steinbrenner asked Vincent: "Where is it in the Constitution that says I have to tell the truth to the press? It's not illegal to lie to them, is it?"

"No, George," Vincent replied. "But not many people think in those terms."

The Kaplan-Vincent play by play of July 30 describes the commissioner's amazement that Steinbrenner pleaded against a finite suspension for fear that it would damage his U.S. Olympic Committee vice presidency.

According to the chapter, Vincent was stunned by the skewed logic of the Olympic argument — that a lifetime ban was preferable to a suspension.

But even more amazing to Vincent was that Steinbrenner's lawyers were unaware that if their client were treated as if he were on baseball's ineligible list,

Steinbrenner is 'disruptive, corruptive, corrosive, boorish and embarrassing.'

he risked a lifetime banishment. And if they did not know, Vincent is quoted as saying, he was not going to help them. He was clearly eager to get rid of Steinbrenner permanently.

"He's disruptive, corruptive, corrosive, boorish and embarrassing," Vincent thought, according to the chapter. "If George wanted out, I was happy to show him the door."

As July 30 dragged on, Steinbrenner walked into Vincent's office, still not fully understanding the implications of his chosen punishment:

"You know, Fay, tell me, this ineligible-list stuff — how long am I on it?" Steinbrenner is quoted as saying.

"George, try forever," Vincent said.

"'Really?' He looked shocked."

Vincent's 5 P.M. deadline for Steinbrenner to sign off on his banishment passed. Vincent grew impatient, wanting to announce his decision to the news media. By 8 P.M., with Steinbrenner and his lawyers still caucusing, Vincent got up to leave.

As he walked toward the elevator bank one of Steinbrenner's lawyers, Paul Curran, shouted about meeting the commissioner in court. But Steve Kaufman, a second lawyer, rushed after the departing Vincent group and said Steinbrenner would sign, which he did.

In 1992, Steinbrenner pleaded with Vincent for reinstatement, and Vincent's sympathy over what he deemed to be his foe's bad legal advice in 1990 led him to grant the request, "even though he's as unattractive and despicable a person as I've ever dealt with," he is quoted as stating.

Whether the factual guts of "Baseball Breaks Your Heart" ever appear in a bookstore and not just in manila court file folders will depend on how U.S. District Court Judge Barrington Parker Jr. rules during a trial expected to start in late fall.

The judge must determine whether Kaplan can proceed without Vincent, possibly in the form of a third-person narrative, or whether they intended from the start to work together, or not at all, if Vincent pulled out.

Angel Vet Faces Drug Charge

By Mark Maske
Washington Post Service

ANAHEIM, California — Tony Phillips, the Anaheim Angels' veteran infielder-outfielder, has been arrested and booked for felony possession of cocaine, the police said.

Angels officials said that Phillips, 38, was taken into custody early Sunday in a motel room after buying a small quantity of the drug. Anaheim police said he was arrested as part of an ongoing investigation into "street-level sales of cocaine."

After being released, he went to his home in Scottsdale, Arizona, club officials said. Bill Bavasi, the general manager, said he expected Phillips to rejoin the club Tuesday in Chicago.

"He's going home to take care of things at home," Bavasi said. "It didn't seem to make any sense for him to try to perform without taking care of that."

Bavasi said that Phillips was eligible to play and would remain on the active roster when he rejoined the team. Team officials said they would wait to see what happens pending court proceedings and any action taken by Major League Baseball.

The Walt Disney Co. operates the Angels, and the team released a written statement that read in part: "While the Anaheim Angels baseball club and Anaheim Sports Inc. do not condone the use of illegal substances for any member of its ballclub or organization, we will reserve judgment until all the facts are compiled and reviewed."

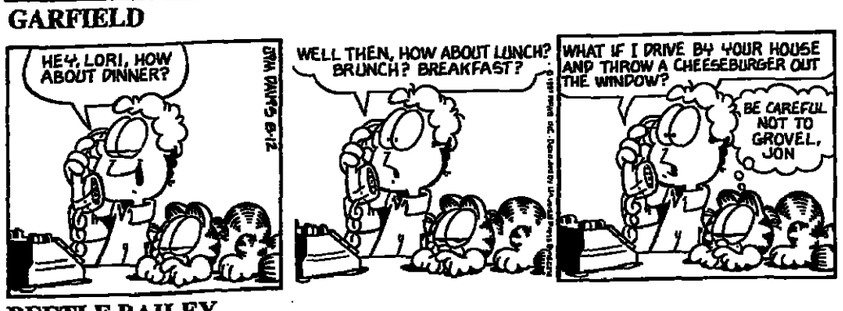
Phillips is in the 16th season of his major league career.

DENNIS THE MENACE

PEANUTS

CALVIN AND HOBBES

GARFIELD



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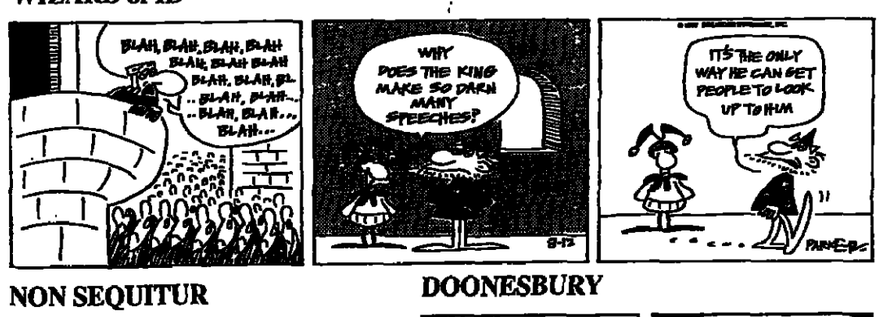

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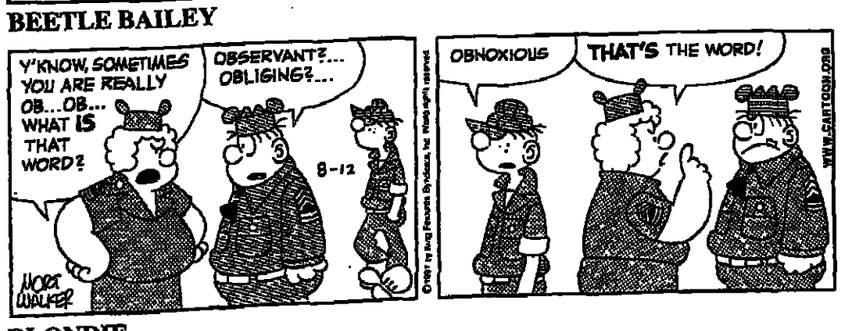

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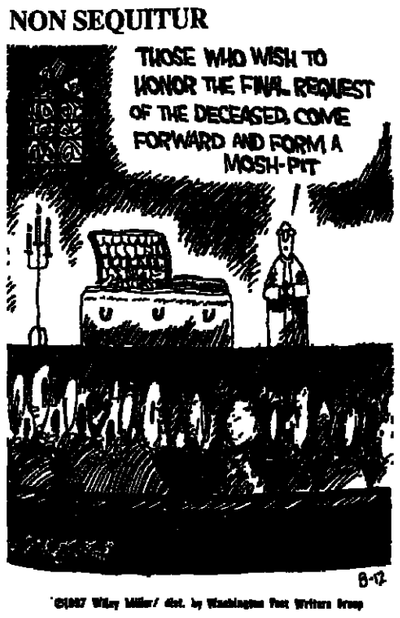

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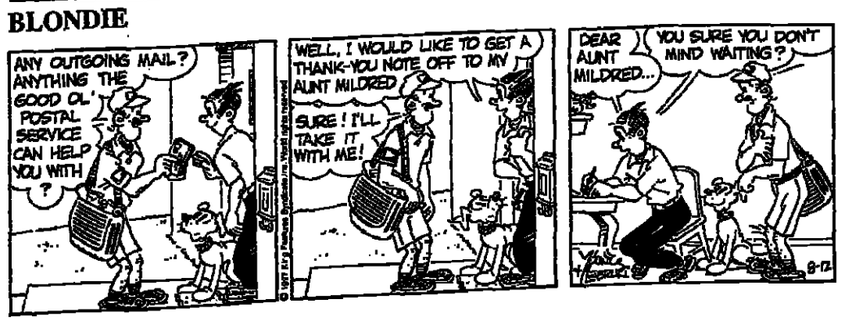

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Answer: Why he didn't bundle up in freezing weather – TO LOOK "COOL"

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ART BUCHWALD

The Nuclear Family

MARTHA'S VINEYARD, Massachusetts — Here is how the nuclear family spent its summer vacation: Fred Albertson went to Columbus to pick up his children from a previous marriage to Hazel and flew with them to Cape Cod. His present wife, Dollie, sent her children to Hilton Head to be with their father, her ex-husband.

Buchwald

It turned out that Fred had a crisis in his company in Atlanta and left his children with Dollie. Fred's ex-wife, Hazel, heard about this and demanded that Fred ship their children home immediately.

□

The children did not want to go, so a compromise was reached. Fred's mother came to stay with the children.

This complicated the situation even further because Dollie had already invited her mother to stay with her while Fred was gone. There was no love lost between Fred's mother and Dollie's mother, so Dollie threatened to go visit her sister in New Orleans.

While Fred had two children from his marriage to Hazel, he also had two married adult children by his first wife, Tamara, which meant he also had grandchildren. They were all coming to the Cape, and Fred had agreed that they could stay in their house.

This got Dollie mad at Fred. She said that this was typical of the way their marriage was going, and suggested they consider separating.

Fred flew home without solving the business crisis. In order to placate the people he thought were sabotaging the operation, he invited his archenemy and his family to pay a visit to the Cape.

While preparing the remaining guest room for them, his mother and Dollie's mother decided to tell him what a lousy father he was.

To make it up to everyone, Fred decided to hold a clambake, and the whole gathering was very excited about it. Unfortunately it rained and they had to eat indoors and someone got butter all over Dollie's upholstery.

□

Fred's children by his first marriage wanted him to play golf. His children from his second marriage wanted him to go fishing down at the beach. Dollie's children, who had been shipped off to her husband, kept calling to say they wanted to come home because their father's new wife was a wicked witch.

Dollie told the children that they had to stay where they were for three weeks in accordance with the court order.

By this time the grandmothers weren't talking to each other, and Fred divided his days between golfing and fishing. When he got back to the office he said, "That was the best vacation I ever had."

Munich Beer Hall Is 100

The Associated Press

MUNICH — The Hofbraeuhaus, Munich's famous beer hall, turned 100 over the weekend. "On top days, up to 30,000 people visit here," says Michael Sperger, who has been running the Hofbraeuhaus for 17 years. He plans to give away 36,525 liters of free suds in celebration of the beer hall's birthday over the next months — one for every day of the century.

Out of the Star Chase, an Actor True to His World

By Alan Riding
New York Times Service

GLASGOW — Anyone who has seen Robert Carlyle only in "Trainspotting," the unsettling 1996 film about junkies in Scotland, might well wonder about his sanity. In that movie, Carlyle, 36, a Glaswegian, plays the psychotic Begbie with such conviction that the actor himself seems possessed by demons.

But, be assured, in the handful of roles that have won him recognition as one of Britain's new acting talents, he has also been gentle and loving. Indeed, Carlyle is all too wary of being typecast as a "Glasgow hard man."

In Britain, he need not worry. True, he has played a couple of psychopaths apart from Begbie. But television viewers here have most recently seen him in the title role of "Hamish Macbeth," a BBC serial about a gentle marijuana-smoking Highlands policeman. In Antonia Bird's "Priest," he played the gay lover of a troubled Roman Catholic priest. In Ken Loach's film "Carla's Song," he is a Glasgow bus driver who falls in love with a Nicaraguan exile.

"The Full Monty" is his first comedy. Directed by Peter Cattaneo, the film tells of a group of Yorkshiremen left without work or hope after the closing of a steel plant in Sheffield. Gaz, played by the short and wiry Carlyle, has a particular problem: Unless he can find money to pay child support, his former wife will prevent him from seeing their son.

So, inspired by seeing local women gawking at naked male dancers, he convinces his mates that they, too, can earn good money by putting on a strip show. But there is a but. To persuade women to pay to see *their* bodies, they must go "the full monty" — they must strip all the way.

Inevitably, the film has echoes of "Brassed Off," another recent British export, which dwells on a Yorkshire mining community's struggle to keep its brass band alive after the local colliery is closed.

"The Full Monty" is less sentimental and arguably funnier, but both films are set against the harsh backdrop of a Britain in which towns and cities have fallen into decay as mines, shipyards and steel plants have gone out of business. For Carlyle, a former labor organizer with a strong distaste for Thatcherism, the political dimension of "The Full Monty" was as appealing as the comic one.

"What I thought interesting was the idea of gender politics," Carlyle said over coffee at a hotel in Glasgow's West End. "Suddenly, these guys were forced to look at themselves the way they had always looked at women. They had to re-evaluate their place in society because the women now had jobs and they didn't. It's funny, it's charming, but there's a lot of sadness and tenderness there too."

"The Full Monty" fits logically into Carlyle's career in that he is once again playing a working-class character, tapping what he knows. He was brought up by his father in Glasgow hippie communes in the 1960s (his mother left home when he was 4) and remembers his childhood as "very bohemian, very idyllic, very left-wing."

But by the time he left school at 16, his only job prospect was to follow his father and work as a house painter for a building company. Unhappy and rebellious, he became a trade union official and began hanging out, as he puts it, "with people I wouldn't be seen dead with today." Then, one day when he was 21, he was given "The Crucible" by Arthur Miller to read.

"Someone obviously told me it was about McCarthyism, and I thought, how fantastic to be able to tell a story so accurately, yet set in an entirely different context," he recalled. "The play's first impact with me was political, not artistic. But then I began looking at how you could talk about a particular subject but not quite show yourself. That was when I was drawn to amateur theatricals. I liked the idea of taking on a character and portraying myself in the guise of another. I liked dressing up, hiding behind something, but speaking the truth."

Robin Holland for The New York Times

Robert Carlyle, the psychotic Begbie of "Trainspotting."

Within a year, Carlyle was studying — without much enthusiasm — at the Royal Scottish Academy of Music and Drama. When he left three years later, he found work in various repertory theaters, but he soon grew impatient with doing "the same old Chekhov and Ibsen."

In 1990, he and three friends set up their own company, Rain Dog, with the idea of adapting or creating plays through improvisation. No sooner had they produced their first than Carlyle won the lead role in Loach's film "Riff Raff," about union busting in the building industry in England.

On his second film, "Safe," made for the BBC, Carlyle met a second mentor, Bird, with whom he later made "Priest" and the recently concluded "Face."

"Like attracts like," he said. "Antonia is very, very political. She can't leave it alone. The film we have just made is a gangster thriller thing set in the East End of London. But there's a heavier political slant on it because it's under Thatcherism. The most important thing for me is for a screenplay to have some social worth.

"It doesn't have to be talking about that awful woman who used to run this country as long as it's saying something to someone."

In any case, it was "Trainspotting," which has grossed more than $70 million worldwide, that carried Carlyle's name beyond Britain. But unlike his co-star, Ewan McGregor, Carlyle has not been tempted to work in the United States. Instead, in quick succession, he made "The Full Monty," "Carla's Song," "Face" and "Looking for Jo-Jo," all low-budget films.

This fall, he will be in Prague to shoot "Plunkett and MacLeane," the story of two 18th-century highwaymen in London.

"I'm happy going along the way I'm going," he explained. "I have no great desire to jump into this crazy race for megastardom. I came from Nicaragua straight into the madness after 'Trainspotting' was released, and I was able to distance myself from it all because I had just been through another experience. I had been totally unprepared for that kind of Third World poverty. It affected me profoundly. It was humbling. So when people said to me after 'Trainspotting,' 'Well, that's it, lad, off to Hollywood,' I said, 'Not necessarily.'"

Gerard Cerles/Agence France-Presse

WHATEVER TURNS YOU ON — A boy running under a giant salamander kite near a slag heap in Loos-en-Gohelle, France, a popular site for free-flight sports.

PEOPLE

BRITAIN'S royalty-obsessed tabloids on Monday confidently predicted a wedding between **Princess Diana** and the millionaire film producer **Dodi al Fayed**, comparing the match to **Jackie Kennedy's** marriage to **Aristotle Onassis**. "Glamorous, passionate, attention-seeking: They are made for each other," said the Daily Mail just a day after the first photos of a Di-Dodi kiss were published in the tabs. It said that al Fayed, a 41-year-old Egyptian whose father owns Harrods department store in London and the Hotel Ritz in Paris, could offer Diana the high life to which she is accustomed, while she could provide his family with entry to the British establishment. Some papers even speculated that **Mohammed al Fayed** planned to give the couple the Paris villa that was home to the **Duke and Duchess of Windsor** — who scandalized the royal family in 1936 when their romance led the duke, then king of England, to give up the throne to marry an American divorcee.

□

Weeks before he died, a drugged **Elvis Presley** called **President Jimmy Carter** at the White House and asked him to help a friend he believed was in trouble, The New Yorker reports. "When I was first elected president, I got a call from Elvis Presley," the magazine quotes Carter as saying in its latest issue. "He was totally stoned and didn't know what he was saying. His sentences were almost incoherent." Millions of Elvis fans will mark the 20th anniversary on Saturday of the King's death from a drug-induced heart attack at the age of 42. Events during Elvis Week include tours of his Graceland residence in Memphis, Tennessee, radio play of Elvis hits like "Hound Dog" and "Love Me Tender" and TV specials including a hilarious mock docudrama called "Elvis Meets Nixon," which re-creates one of the more bizarre meetings between a president and a rock star: the 1970 meeting where **Richard Nixon** made Presley an honorary U.S. Drug Enforcement Agent.

□

A Spanish chef who just won top honors from Michelin has fired a loud salvo across the border, saying that the French are culinary has-beens. **Ferran Adria** — whose restaurant, El Bulli, in the northern seaside town of Cala Montjoi, earned Michelin's coveted three stars — says his native Catalonia and the Spanish Basque country, not France, are serving up Europe's tastiest food these days. Of good cooking, he says: "O.K., the French invented it, but now they don't know what to do." Adria is known for imaginative dishes like oysters with a mousse made from sea water.

John Kennedy Jr. has taken the unusual step of slamming his own family in George, the magazine he founded and edits. In the September issue, Kennedy calls two of his cousins "poster boys for bad behavior." Chastizing **Representative Joseph Kennedy 2d**, whose ex-wife has accused him of having their marriage annulled for political gain, and **Michael Kennedy**, who is alleged to have had an affair with a teenage baby sitter, he writes: "To whom much is given, much is expected, right?"

□

Until the end, **William Burroughs** shuddered at the thought of a world without drugs and railed against the politicians trying to ban them. The latest issue of The New Yorker contains excerpts from journals kept by the Beat Generation author and former heroin addict in which he criticizes Newt **Gingrich** — "that vile salamander" — and other politicians he blamed for trying to make American life "banal." "How I hate those who are dedicated to producing conformity," Burroughs wrote about two months before his Aug. 2 death at age 83. The day before Burroughs died, he wrote his last entry, which was printed on cards and distributed among the 250 mourners at his funeral in Lawrence, Kansas. "Love? What is it? Most natural painkiller. What there is. LOVE."

The rain in 900-99-00-11 stays mainly in the plain.

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